

Business

GM readies for IPO

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General Motors Corp. is widely expected to take the initial step back toward an initial public offering of stock as soon as today.

The anticipation around the IPO has been growing for several weeks and Chairman Ed Whitacre indicated earlier this month GM was eager to shed the 'Government Motors' tag.

However, Whitacre might have slowed the IPO. Whitacre has said from the start he was interim executive and at 68, he was not in a position to take on executive duties long term, according to Van Conway, CEO of Conway MacKenzie Inc., a nationally recognized expert in the reorganization and management of troubled companies, mergers and acquisitions and debt restructuring.

GM, though, was duty-bound to clarify its succession planning before the IPO, Conway said.

"How do you tell people that the guy who sold you the stock isn't going to be there very long? I don't know," he said.

With the appointment Aug. 12 of Carlyle Group managing director and GM Board member David Akerson as CEO, the problem has been solved.

Moreover, there is a lot of debate over whether now is the best time to sell the new GM stock, which is owned by U.S. Treasury, the UAW's VEBA Trust and a group of disgruntled bond holders who had no choice but to settle for the stock as the payment for the money GM owed them.

By rushing the IPO, GM could be losing the opportunity to maximize the value of the stock sale, Sen. Charles Grassley (R-Iowa) said last week.

Meanwhile, GM also is continuing to face labor unrest.

Workers from UAW Local 23 at a GM plant in Indianapolis effectively blocked a vote on contract revisions GM said would open the door to a sale of the sprawling plant in the heart of the city.

“There will be no vote,” Local 23 bargaining Chairman Greg Clark told an Indianapolis television station.

The offer included pay cuts of \$17,500 a year for skilled tradesmen and \$27,000 a year for workers on the production line.

The meeting Aug. 15 was to outline the deal the international hoped the union local could vote August 16.

The proposal was met with derision by UAW Local 23 members.

“They are not the ones handling metal when it’s hot. They get their regular pay, why do they want to cut ours?” said union member Amber Taylor.

Earlier this summer, GM and the UAW’s top leadership teamed up to push through a similar deal at the Nexteer Plant in Saginaw where workers also had resisted a new round deep concessions demanded by a buyer.

In Nexteer’s case, the ultimate buyer proved to be a Chinese company in which the City of Beijing is a major investor.