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"The best in the world, by a long shot." Mary Barra shows why.

One of the "core beliefs" behind Outlook's investment strategy is that American business leaders—and their senior management teams—are the best in the world, by a long shot. Outlook has no academic studies to support this belief, nor any surveys or opinion polls. We only have a few decades of watching business leaders do their jobs in the U.S., and comparing them to those in Europe, Japan, China and everywhere else. Anybody who has done this knows that U.S. CEO's are as far beyond their foreign counterparts in the speed and aggressiveness with which they tackle problems as, well, Usain Bolt is beyond a sumo wrestler, when it comes to sheer sprint speed. As Outlook has remarked a few times in the past, that vast gulf exists because of the personal accountability for results which our free-market capitalist system places on the shoulders of every business manager.

So it was with real pleasure that we read the front-page story, today, about GM CEO Mary Barra's decision to abandon the entire European auto market, selling the company's Opel division to Peugeot. Ms. Barra is "standing against the crowd," with this decision, in many ways. Let's list a few:

- None of GM's global competitors would dream of shrinking their global footprints. As the Journal's article put it, "Auto executives have generally held that adding business breadth through consolidation could help them better allocate capital." (And if we are not quite sure what that means, Outlook's hunch is that we may share that befuddlement with those same "auto executives.") Not Ms. Barra, though, who says profits matter, not "global market share."
- "Profits matter," might seem obvious, but it has not been GM's decision-making rule until Mary Barra took over, 3 years ago. "GM has not made money in Europe in this century," noted the Journal—and whichever reporter wrote that line should get a Churchill award for clear writing, straight at the point. Not clear to Ms. Barra's competitors, though, nor to an eminent auto consultant and former GM executive, who said, "I don't see how you walk away from Europe and still be considered a global player." Ms. Barra has been with GM for 36 years, working under—and being promoted by—exactly the same bosses who thought GM couldn't possibly be seen to abandon the goal of being a "global player," not to mention its # 1 ranking in the world, for annual auto sales. With this action, she has sent them a stark message: "You guys were dead wrong . . . and I have the nerve to change direction with this company."

In the world of science—which Outlook knows something about—when a geologist, biomedical engineer, chemist or biologist publishes research which attacks and rightly invalidates the findings of other eminent scientists or colleagues, he had better be prepared . . . not for dispassionate reviews by his peers, and congratulations on a job well done, but for vitriolic attacks aimed at preserving the reputations of those whose work was simply wrong. Yes, scientists are just people, and so are business executives—and people generally dislike being told they were wrong.

- While the headline listed the 2 billion dollar (or so) price Peugeot will be paying GM, in fact GM will be paying Peugeot to take Europe off its shoulders, after counting cash paid to fund most of GM's pension obligations to European workers. That will bring no end of slings and arrows Ms. Barra's way. If she needs a reply, of course, she need only point to "no profits in this

century.” During that time Opel has racked up \$15 billion in losses, the Journal informed us. Global market share indeed.

Finally, as we stand back and appreciate CEO Barra’s clear thinking and nerve, two more items deserve a glance. The first is the “tougher emissions standards” coming from Europe’s politicians, who hunger for electric cars for the masses sooner rather than later, and who mean to do their bit by passing laws essentially forcing consumers and companies, respectively, to buy and sell such vehicles . . . without much concern for the affordability of personal transportation in Europe. That would be business as usual in European politics, as would the second item, which we can best capture with this quotation from Opel’s labor union: “We were surprised by rumors of this sale,” said the union, “and we consider it an unprecedented infringement of all German and European rights of self-determination.” Peugeot investors might be wondering about their company’s “right” to try to avoid another \$15 billion of Opel losses, in the next 16 years.

Outlook has never held a single share of an auto company. We’re always might curious about beaten-down companies and stocks, but their problems seemed hideous beyond human comprehension, to exaggerate for the fun of it. And now along comes a woman with nerve, ready to tackle those problems and win. We’re not likely to buy, but it will be fun to watch Ms. Barra doing her job.

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