

# Decision making at general motors

Business



## Decision Making at General Motors

1. How have GM's strategy, structure, and decision-making processes evolved over time? How well aligned were they in each of the three major eras?

The General Motors that got founded in 1902 by Durant William operated as small automobile company serving domestic market only. The company has since grown to become a leading multinational corporation with branches in all continents around the world. This progress has been founded on the firm's strategies, leadership, and structure that have made it global expansion a reality for the GM (Kettering 23). One of the expansions strategies behind the success of the GM was the acquisition and merger. The company merged with like-minded companies such as the Chevrolet, Oldsmobile, and Buick. It also acquired poor performing automobile companies like Cadillac, Pontiac, and GMC. The GM extended its acquisition process to Europe where it successfully acquired the Opel (Germany), Holden (Australia), and Vauxhall (England). The primary reason behind these mergers and acquisitions was to gain market dominance and wage off completion. To markets their car brands, the GM heavily invested in marketing by decentralizing its operations, with each of its founders heading different divisions within the company (Kettering 56).

The introducing of price differentiation marketing policy by Sloan marked another milestone for the GM. The pricing policy taken into account the differences in income of potential customers, thereby ensuring that irrespective of their income levels, clients could afford to buy the GM car brands. Sloan was also responsible for the institutionalization and coordination of proper decentralization systems of the company structure.

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This move proved effective in ensuring the GM's central administration body had firm control over its divisional operations, but emphasizing on divisions' operational independence in line with the goals of the company (Barrar and Roxane 41). The divisions further got divided into sub-groups headed by executives, who are answerable to the GM's management committee and the CEO. The company also setup policy groups charged with the responsibility of formulating and setting required standards for the GM's day-to-day managerial operations. It is these strategies that made the company very successful.

2. What are the distinctive challenges of managing a matrix organization like GM's "basketweave?" How has GM chosen to address these challenges?

Some of the major challenges in managing multinational and multicultural organizations like the GM entail differences in national orientations and cultural values. For instance, some processes such as manufacturing, engineering, design, human resource, among others were naturally domestic-oriented, therefore varied across the world. To address such differences, the GM gave freedom to its regional departments to design strategies that they deemed appropriate and suitable to their environments of operation. The central administration empowered the divisions financially to enable them achieve their matrices (Barrar and Roxane 54).

3. What is your assessment of the ASB's decision-making dynamics? Your assessment of Rick Wagoner's role in the process? What changes (if any) would you suggest?

In my view, applying ABS decision making tool was justified. This is because it brought together experts and professionals with wealth of experience in each line of production. Therefore, their involvement in the decision making

processes was necessary given that they were well-informed and knowledgeable in different operational units.

In my assessment, the involvement of Rich Wagoner in the entire process was equally important. Although he took charge of the ASB when it was experiencing a number of challenges, he managed to transform the organization. This was made possible by the fact that he enjoyed firm control of the organization (particularly his departments) without exerting unjustified authority. Based on his success, I would rather advocate for no change with respect to Wagoner's role.

#### Work Cited

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