

mini-case 1-429-060
March 29, 2010

Going Global (A): General Motors

There is always a risk when you're investing in an emerging market. But the bigger risk is not being there.

-Rick Wagoner, former CEO of General Motors

General Motors (GM) was the world's largest automotive manufacturer from 1931-2008. The company's primary markets for passenger cars and trucks have traditionally been in North America, Europe and Japan. As competition in these markets intensified during the past decade, GM has increasingly looked to emerging-market countries such as China, Brazil and Eastern Europe to increase sales and profits.

In 2008, the firm lost the distinction of being the largest car producer in the world. A major factor was a sharp decline in North American revenues, which fell from \$147 billion to \$88 billion between 2006 and 2008.¹ The trouble in GM's North American operations led to a government bailout and eventual chapter 11 bankruptcy.

Despite the poor results in North America, robust growth was on display in the emerging markets, particularly Brazil, Russia, India, and China (the so-called BRICs). Table below reports trends in GM vehicle sales in select countries from 2006-2008. While U.S. sales declined sharply, sales in the BRIC nations grew rapidly.

GM Sales in Select Countries (2006-2008)

Country	2008		2007		2006	
	Vehicles Sold (in thousands)	GM as a % of industry	Vehicles Sold	GM as a % of industry	Vehicles Sold	GM as a % of industry
United States	2,981	22.1%	3,867	23.5%	4,125	24.2%
Brazil	549	19.5%	499	20.3%	410	21.3%
Russia	338	11.1%	260	9.6%	133	6.5%
India	66	3.3%	60	3.0%	35	2.0%
China	1,095	12.0%	1,032	12.2%	871	12.3%

Source: GM 2008 10-k



Published by GloboLens, a division of the William Davidson Institute at the University of Michigan.

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