

JIM C – QUIZ OF THE WEEK

MONDAY – 12/29/08

The presidential bailout won't fix the problems for the American automakers, but a *hybrid bankruptcy*, might do the trick.

HOW DID THE TERM “*HYBRID BANKRUPTCY*” ORIGINATE?

***Definition:* A government-endorsed, prepackaged legal process used to rapidly reorganize a business whereby a debtor, labor unions, shareholders, creditors, and the feds pre-negotiate an agreement.**

***Origin:* An original term hereby created.**

***Dilemma:* Existing GM and Chrysler products are not energy efficient; the companies are burdened with higher operating costs; and they are not competitive with foreign imports, but eliminating the companies would have an irrevocable impact on the U.S. economy. Bankruptcy laws allow them to continue to operate while they fix their problems, but a traditional bankruptcy might cause buyers to shun their products due to fears of a valueless warranty.**

***Solution:* Just as the automobile industry needs to produce an energy efficient hybrid vehicle, the American automakers also need a speedy and unique *hybrid bankruptcy* to effectively reorganize.**

Conventional Wisdom: Hybrid Bankruptcy = Auto Industry Solution

Moment of Zen: Self interest has limited success in a negotiation