

# United Mainliner

February 1981

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DeLorean Motor  
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John and Christina  
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# John DeLorean Puts His Act On the Road

BY GARY WITZENBURG PHOTOGRAPH BY LESLIE PRIGGEN

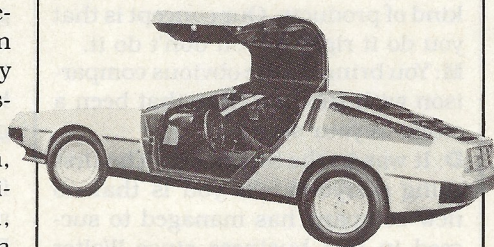
**B**y the time you read this, John Z. DeLorean's wedge-shaped, gull-winged, stainless-steel-bodied sports car should be in production. It should soon be available at some of his approximately 350 U.S. dealers. To potential buyers with twenty-five thousand dollars to spend, it represents a new and innovative entry in the luxury sports market; to DeLorean, it represents a near-impossible dream that's taken him eight years to realize.

DeLorean left a plush group vice-president's job at General Motors in April 1973 (having risen rapidly through engineering jobs at Chrysler and Packard to chief engineer, to general manager at Pontiac Division, to general manager of Chevrolet Division and on to the pin-striped, power-packed executive suites on the fourteenth floor of GM's Detroit headquarters building) at a time when he was considered a sure bet for an eventual presidency of the giant corporation. Whether he was forced out or resigned of his own volition (both his and GM's official positions) is a matter for conjecture, but the sudden departure culminated a long-rocky relationship between the strong-minded DeLorean and his conservative bosses.

On the one hand, there was no question about the DeLorean organizational talent and ability to motivate his people. On the other, his bosses cringed at his very un-GM-like modish dress and hairstyle. His preference, following a divorce from his first wife, for socializing with starlets, models and celebrities in-

*DeLorean cradles an early model of the DMC. Above, a prototype of the car that will hit the market this year.*

## Will DeLorean Motor Company be the first new automobile company to succeed in fifty-five years?



stead of his GM peers didn't endear him to the brass, either.

After leaving, he contracted with Playboy Press and business writer J. Patrick Wright to write a book on his life and experiences at GM; then, when the book was finished, backed out of the deal. Presumably, he was afraid that the highly critical account of his former employers would prove sufficiently annoying to provoke retaliation to DeLorean Motor Company. Wright responded by publishing the book, *On a Clear Day You Can See General Motors*, himself without DeLorean's approval, and it has added another interesting chapter to the controversial life of this ex-GM executive.

Today, the next chapter is just beginning to unfold as the silver-haired but still craggily handsome DeLorean directs distribution of the sleek new automobile that bears his name

from his posh New York headquarters. Whether he succeeds or fails depends on how well it is accepted by potential buyers, as well as on other factors beyond his control such as interest rates and the country's economic health in general. But few mortal men embarking on such a risky venture have exuded more confidence. Perhaps the word "failure" is not in John DeLorean's vocabulary.

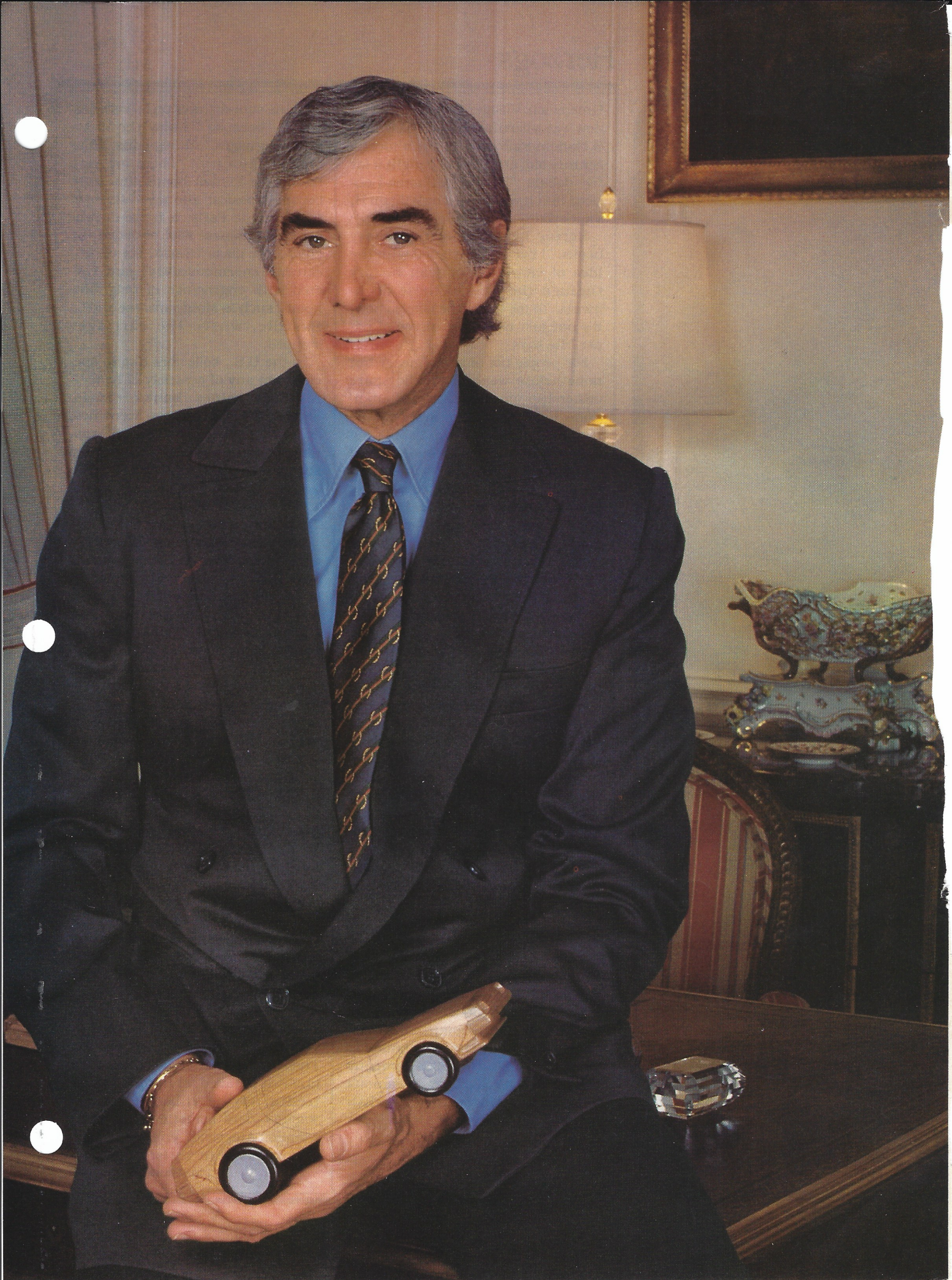
**Mainliner:** Given the failures of others, what made you think that you could succeed in profitably building your own car?

**DeLorean:** I really wasn't quite convinced at first that we could put the project together, so we tried some market testing. We made up a little brochure explaining what we wanted to do and sent it to a few dealers, asking for their opinions and whether they wanted to invest. GM got ahold of one of these brochures and decided that I was a competitor, so they terminated my bonus. At that point I decided that if they think I can do it, maybe I ought to think I can do it. That's what convinced us to go ahead.

**M:** What has been your single biggest problem?

**D:** It is the conviction of the financial community that no little guy has a chance to make it. The problem has been one of credibility, of convincing the financial community that we did have a substantial chance to succeed so that they would be willing to invest in us. Having spent my business life in the corporate blanket of General Motors, I didn't know anything about the world of corporate finance or raising money. Actually, I think that naiveté was a big advantage, because probably if I had understood the total impossibility of it all, I







wouldn't have tried.

**M:** How have you put the backing together?

**D:** We have the support of a lot of very good people, and it was primarily the dealers who were the first to believe in us and give us the credibility to go on. When we got the dealers to invest their own money and make commitments, the financial community started to believe that we were for real. The fact that we had lined up a substantial number of dealers was what made all the rest of our financing possible.

This dealer support evolved from my long relationship with them. I have always felt very strongly that you have to be completely honest and straight with the dealers, as opposed to a lot of people in this business who are always telling them whatever they think it takes to encourage them to sell this year's model. Every dealer group I have worked with had made more money while I was manager than with anyone else. I had done something for them, and as a result they were willing to trust me and put money into my venture.

When we finally got to the financial community to raise the \$20 million that we needed to trigger additional financing with the British government, our credibility resulted when they went out and talked with about seventy-five of these dealers. Every one of them said, "Yeah, we think this is going to be a hell of a thing. We trust that guy; he's never lied to us and we've always had a lot of success with him."

That was what did it, and that is the way we are trying to build our business—on integrity. We're just a little guy trying to claw, clutch and scrape our way up in the world, and if we're smart enough and work hard enough, maybe fifteen years from now we are going to be another BMW. That is what our dream is. That is the image we want. We can't ever compete in the two-dollars-a-pound class; we're going to be making eight- or ten-dollar-a-pound cars, and what we have to do is find enough people who believe in us.

**M:** How do you intend to achieve this image?

**D:** One thing that I have learned in

business, and I think it is the primary reason that I was successful both at Pontiac and at Chevrolet, is that you can't fool anybody. The American public is an incredible judge of quality and value. Build a good product and people will knock your walls down to get it. We want to produce a first-class automobile. We are not interested in trying to be another Bricklin, which attempted their venture with too little money. If you are going to sell in the prestige end of the market, you have to be a

*“You’ve got to keep your rear end in the air, your head down and keep charging.”*

prestigious company with the right kind of products. Our concept is that you do it right or you don't do it.

**M:** You bring up the obvious comparison with Bricklin. Has that been a stone in your shoe?

**D:** It was in the beginning. The first thing everyone tells you is that no new company has managed to succeed in this business since Walter Chrysler in 1925. I had to convince them that we were different. Most of the people who have tried and failed were not professionals, but we have an organization of seasoned professionals. Everyone in it is very capable and experienced, and all of them have some guts or they wouldn't be here now, because it's a lot easier to stay with an established company than it is to come and take a shot where you have to work twice as hard and be a lot smarter to survive. I don't think anyone has a better management team than ours.

**M:** How did you go about getting the kind of people you needed?

**D:** Part of the test was to explain to whomever we were interested in exactly what we were trying to do, and if that didn't get a guy excited, he probably wasn't our material. You don't have the option of having a bad day in this business. You've got to keep

your rear end in the air, your head down and keep charging. If you aren't that kind of person, you don't belong with us in the first place.

**M:** Were you able to recruit these people from good positions?

**D:** Everyone left good jobs to come here. And then we went through a long time period when we weren't able to pay anyone. That was a creative situation. They knew they'd get paid someday, but some went without a paycheck for a year.

**M:** Surely one of the keys to the whole program was finding a suitable plant location, and one where the local government was willing to help you financially. How did you end up building in Northern Ireland?

**D:** We had put together approximately \$40 million in the U.S. before we went to Ireland. The U.S. government will usually help finance a new venture that you can show makes economic sense. It will provide 80 percent of the financing to your 20 percent, so our \$40 million would have gotten us \$200 million here as well as somewhere else. And most countries, as well as many of our states, have economic development programs.

As it happened, Northern Ireland found us indirectly after we had made a tentative arrangement with Puerto Rico. But we could never get that deal completed. We spent months working with those people, but one problem would come up after another. They just didn't have a good business approach, and there was also a tremendous language barrier.

About the time their option ran out, a guy from the Republic of Ireland Industrial Development Authority came to see us. He had heard that Mayor Young of Detroit was trying to get us to come there, and he asked that we consider the Republic of Ireland. So they made us a proposal, we went over and almost put together a deal with them. But our auditors felt that we were being asked to pay too much for a plant that they were trying to get us to move into, and that we weren't being given the most favorable interest rate, among other complaints.

By that time it had become well-

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## DeLorean

(continued from page 52)

known on the island that we were about to consummate a deal. A friend recommended that we talk to Northern Ireland before signing a contract. Looking back, I'm sure he had been asked to contact us by the government up there. We did talk to them, primarily as a means of putting pressure on the Republic, and in the end it turned out that we liked the government people up there much better, from the standpoints of incisiveness and their ability to get the thing done.

We decided to locate there, and I must say that it has been a very, very pleasant relationship. The people have absolute integrity. Everything they said they would do, they have done.

**M:** Can you give us a quick rundown of the key components and where they will come from?

**D:** The overhead camshaft V-6 engine is produced by PRV in France, which is a subsidiary of Peugeot, Renault and Volvo. The automatic transmission is a French ZF unit, and the manual is from Renault. British Steel will provide the stainless steel to a German source that will produce our body panels, and they have got to be the finest fabricators of stainless steel stampings I've ever seen. We get the air conditioning and the instrument clusters from General Motors.

**M:** Why did you choose the PRV engine?

**D:** We looked at a lot of engines, and what we wanted first was a unit with paramount reliability. We studied warranty records everywhere, and there isn't any other engine as good as this one in terms of just plain staying together and not having to be repaired, mainly because it's so damned expensive. Also it's the lightest engine we could find for its displacement and potential power. We recently finished our EPA tests, and I think we've got about twenty-three miles per gallon in the city and thirty-two on the highway.

**M:** Why gull-wing doors? Aren't they difficult to engineer, and isn't there a safety problem with getting out of the car if it gets turned upside down?

**D:** Number one, it's nearly impossible to turn this car over, because it has a very low center of gravity. But just in case, the side windows are set so that you just press lightly on them and they pop out. Also, the side intrusion is much safer. After a twenty-five-mph side impact, the dent in the door looks like a parking-lot ding.

In my opinion there is only one engineering difficulty, and that is water sealing. But we've designed the car with very large drain channels that come right around the opening. The test we use is that without any rubber seals at all, you should be able to stand there with a garden hose and spray it all day and not have any water get in the car. If you can do that, then by the time you put in the seals you have half a chance of keeping water out on the road.

To be completely honest, the most important factor is that gull-wing doors are a sexy feature to have on a car. And they're totally counterbalanced, so there's no problem with the effort required to open them.

**M:** Placement of the engine in the rear seems a controversial decision in light of the handling problems experienced with previous rear-engine cars.

**D:** Given the engine's weight and location, the total difference in weight distribution between having it where it is or in the middle of the car is not significant. The key is tires. The main reason wide, rear-engine racing cars work is because they use little tiny tires in front and big ones in the back. In our car, the rear tires are like that [indicating a large measurement] and the front tires are like that [much smaller], and it's done that way so that if you put in the same inflation pressures front and rear, the handling comes out perfectly.

We looked at mid-engine and rear engine, and from the utility standpoint—usable room inside the car—the rear engine is a lot better. It's also better for noise. When you drive our car, even one of the crude prototypes that have no insulation, you can't believe how quiet it is. Because the engine is way behind you, and you are driving away from the noise, it really is dramatically quieter than any



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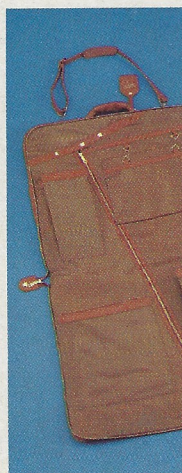


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- 42" Garment Bag
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## DeLorean

other comparable car.

**M:** Why else should someone buy your car over a competitive model?

**D:** In the first place, we will be a little better in performance and handling. I think we will be competitively priced and at the same time quite a different automobile in terms of luxuriousness. And, as a sports car, it will be quite fuel efficient.

Beyond that, it's a near perversion of mine to have a totally corrosion-free car. That really will be an important marketing feature, even more important than I had originally thought. British Steel has agreed to provide us with a twenty-five-year warranty on the body panels, which I think is going to be pretty dramatic to the car-buying public.

**M:** What is your break-even point financially? Do you have a date in mind by when, if things go well, you expect to be profitable?

**D:** We expect to be in the black by the end of June, but we will then have to accumulate enough profit to make up for the losses accumulated prior to that. It should take us until the end of the year to do that. By calendar year 1982, we'll be in the black throughout the entire year.

**M:** What's next for DeLorean Motor Company?

**D:** Depending on the degree of integration, we're capable of building anything from 120,000 to 250,000 cars a year in our Northern Ireland plant. Our dream right now is to add a sedan, and we are doing some preliminary design work on that with Giugiaro. It is going to be very aerodynamic and a very fine, fun car to drive with exciting handling and performance, essentially the same characteristics found in our current car. It is going to be very strong but reasonably lightweight in comparison to other cars, and will be designed to last forever without corrosion. It will probably have four gull-wing doors and will accommodate five passengers with about the same interior packaging as a Mercedes 380SEL. It is going to be a very different kind of sedan aimed at a whole different place in the market. ■

Gary Witzenburg is a Detroit-based auto writer.