

"On Wings of Eagles" told of Ross Perot's penchant for taking risks in both business and in the face of international terrorism. At the annual Rutgers Business Conference, Perot told executives that the future of the national economy may ride on their willingness to take some hard risks of their own.

Perot Electrifies Rutgers Business Conference

By Bill Glovin,
Editor

H. ROSS PEROT—the humble Texas industrialist reputed to be worth \$2 billion and a principal character in "On Wings of Eagles," Ken Follet's novel about a successful corporate-sponsored rescue of two of his jailed executives in Iran—gave 800 New Jersey business executives a pep talk they won't soon forget at the 38th Annual SEC Rutgers University Business Conference in New Brunswick.

Anyone familiar with Follet's novel knows that it's more than money that drives the chairman and founder of Electronic Data Systems and member of the board of directors of General Motors Corp. Perot—long associated with patriotic and civic causes—has always been considered something of a maverick. In Follet's book, Perot emphasizes how he's had uncanny luck through the years. Those attending the conference learned, however, that it is more than good fortune that has turned him into a living legend.

The charismatic address, which Perot said he doesn't do often and was a favor to his longtime friend, AT&T's Morris Tanenbaum, centered around competition in the international marketplace. Perot scolded U.S. business, claiming "we had the world markets to ourselves, but we got soft and sloppy. Now we have a very long way to improve against the rest of the world in an all-out economic war," he added.

"People don't want to talk about America losing, but what else is there to talk about?" he asked. "And you know that somewhere in corporate America, someone is making excuses, saying the playing field isn't level. But you know something—it's never level."

A former salesman for IBM, Perot had his own ideas about marketing software and started EDS in Dallas in



Following Perot's speech, both executives and students line up to shake his hand.

the 1960s with \$1,000. EDS, which has pioneered several data processing concepts through the years, has more than 40,000 employees around the globe and is now one of IBM's chief competitors. General Motors Corp. acquired EDS two years ago to computerize its operations so it can better compete with Japanese auto makers.

"Japanese executives touring U.S. companies have said that we're the only Japanese-type company they've seen and that's a great compliment," Perot boasted. "At EDS, if people see a snake, all 40,000 of them go out and kill it. We've got people in corporate America who, if they see a snake, they study it and bring in consultants."

Perot pointed out that Toyota City in Japan makes twice as many automobiles as all the auto makers in Detroit combined and has incorporated 10 million employee suggestions into building its cars. To compete, the U.S. must start with its youth by improving

its primary and secondary schools and steering "some of our best minds" away from law and consultant work and into business.

Played by Richard Crenna in a recent TV film about the Iranian adventure, the diminutive billionaire—with a slight Texan drawl—also called for removing the word "management" from the vocabulary of American business because labor and management can't win without each other. "Each employee should be treated as a human being, with dignity and respect," he advised. "There is too much mistrust and fear in U.S. companies."

His suggestions included "Never have a way to do things in your company; keep it flexible because if there's anything constant in business, it's that nothing is" and "It's key to make sure employees feel they're working with you, not for you—encourage them to take the initiative."

Perot told the conference he was against "systems where the big shots can get a million dollar bonus while the guy on the factory floor gets laid off." Don't reward people for seniority, reward them for excellence, he advised. "You win or lose based on tapping the full potential of the people in the company and most don't even begin to tap that potential," he added.

Before the keynote address which followed lunch, other speakers who talked about high technology included George J. Sella Jr., chairman of American Cyanamid in Wayne; Edward E. Barr, president of Courtaulds U.S. Developments Inc. of Fort Lee; John S. Mayo, an executive vice president at AT&T Bell Laboratories in New Providence; and Rutgers President Edward Bloustein. Themes common to their addresses were the need to improve American schools, government and business' important relationship with New Jersey's colleges and the key role of high technology in the state and national economy. ■



Industry Closeup



VOLVO



YUGO
YUGO
YUGO

NJ's Ten Auto Importers

By Bill Glovin, Editor

OF the 20 largest foreign car importers in the U.S., 10 have headquarters in New Jersey, including four in the Top 10—Subaru, Volvo, BMW and Mercedes-Benz. In luxury cars, Bergen County, which is home to nine of the 10, rivals anywhere in the world as a place where trends are set and policy is made.

Although the state isn't the U.S. headquarters to any of the Big Foreign Three—Toyota, Nissan and Honda—or "captive imports," those American overseas creations like Ford's Sprint and Chrysler's Dodge Colt which are capturing and increasing market share, density and a development boom helped state-based dealers sell almost \$3 billion in foreign cars in 1985.

Japanese voluntary import quotas may have increased in March from 1.8 million to 2.3 million, but 25.7 of the new cars you and your neighbors bought last year were made overseas. That's up from 23.5 in 1984. And with new competition from countries and companies previously not heard from, many are predicting a 30 per cent market share before year-end. Import ex-

ecutives routinely talk of shattered sales records and colleagues who are busy overseas helping to introduce new models. Others are busy sponsoring sports events and meeting with the brass in from the overseas parent.

Consumers are also delighted because imports have generally led to better made cars and more selection. A new wave of thinking at revamped U.S. companies has resulted in more reasonably-priced domestic models. Over the last three years, the average price for a new import was higher than

Ten of 20 largest are headquartered here.

the cost of a new domestic. Americans have been happy to sit through more TV commercials in exchange for superior engineering, sturdier parts, and improved warranty, service and financing programs. American auto-workers have been forced to pay a higher price; one that has resulted in plant closings, unemployment and re-training programs for new careers.

Gradually over some 30 years, the automobile business has been altered by the importers, and New Jersey is where many of the plans were made and the market initially tested. Before Volkswagen decided to rent a three-employee office in Englewood Cliffs in 1955 and introduce what may have revolutionized the industry—the "Beetle"—six and eight cylinder cars were the rule and foreign cars were the rare exception. Volkswagen decided to be different and locate in relatively rural Englewood Cliffs instead of the Detroit area, the heart of the U.S. auto industry.

The metropolitan area was an excellent location for what may not have been obvious reasons back then—close proximity to the advertising world of Madison Avenue and a chance to partly overcome the time difference by relating to the parent company in the morning. A New Jersey location offered Volkswagen proximity to Kennedy International Airport and advantages over Manhattan in terms of a less costly lease, better tax incentives, room for expanding a parts distribution operation and a convenient place

The Top Sellers

1. Toyota Motor Sales, U.S.A. Torrance, Calif.	620,047	11. Mitsubishi Motor Sales of America Fountain Valley, Calif.	49,734
2. Nissan Motor Corp. in U.S.A. Carson, Calif.	535,372	12. Saab-Scania of America Orange, Conn.	39,264
3. American Honda Motor Co. Gardena, Calif.	406,413	13. American Isuzu Motors, Inc. Whittier, Calif.	26,953
4. Mazda Motors of America Rancho Dominguez, Calif.	211,093	14. Porsche Cars North America Reno, Nevada	25,135
5. Subaru of America, Inc. Cherry Hill	178,175	15. Jaguar Cars, Inc. Leonia	20,528
6. Volkswagen U.S., Inc. Troy, Michigan	140,695	16. Peugeot Motors of America Lyndhurst	15,636
7. Volvo Cars of North America Rockleigh	104,267	17. American Motor Corp. (Renault) Southfield, Michigan	7,230
8. BMW of North America, Inc. Montvale	87,855	18. Alfa Romeo, Inc. Englewood Cliffs	4,502
9. Mercedes-Benz of North America Montvale	86,903	19. Rolls-Royce Motors, Inc. Lyndhurst	1,110
10. Audi Division Troy, Michigan	74,239	20. Ferrari North America Hasbrouck Heights	632

to live for employees.

Volkswagen's success opened the eyes of other importers and a wave followed. Initially, some tried Manhattan, but soon realized why Volkswagen had come to New Jersey. Ironically, Volkswagen later left 28 acres on the cliffs of the Palisades to be near the American "Big Boys" in Michigan.

The import market exploded with the gasoline crunch of the 1970's and regulatory moves towards federal fuel-efficiency standards. The Japanese were already producing fuel-efficient cars and now it was only a question of increasing production and aiming it in a new direction. Most companies in Detroit, caught off guard, lobbied for controversial import quotas and the public began to see more and more bumper stickers urging consumers to "Buy American."

Eventually, and to their credit, domestic companies decided much could be learned from their foreign counterparts. Now it's difficult to tell models and factories apart. Not only are joint ventures becoming commonplace, but a scorecard is needed to keep track of who owns which part of what company. Moreover, a growing list of U.S. companies have built or are in the process of building facilities overseas to take advantage of cheap labor.

Meanwhile, judging from New Jersey importers, several trends are evident. In the luxury car market, almost every company has introduced a new model in the past year or plans one soon. And despite the average cost of a new import—\$12,517 compared to

\$11,670 for a new domestic—the fact that executives have raised prices and still brag about more units sold indicates more people with money to spend. On the lower end, the introduction of the \$4,000 mini-car by Yugo is turning the industry on its ear. Competition promises to be fierce from Hyundai, Yugo, Desta and Jesty—just some of the names we can expect to hear more from.

What follows is a look at 11 New Jersey-based importers, their beginnings, how they're faring against the competition and some of what they plan for the future.

SUBARU, Cherry Hill

Subaru of America, Inc. is one of the great success stories of recent auto history. Proof is 1985 sales of \$1.5 billion and this year's ranking by Forbes as one of Top 100 Fastest Growing U.S. Companies and fourth among all companies in five-year average return on equity. Subaru—which has been an aggressive trend-setter since its begin-



New Headquarters

nings—is well-respected and paid close attention to by the industry when it makes a move.

Subaru first carved out a niche for itself in the marketplace by introducing a low-priced front-wheel and four-wheel drive car. It concentrates on rural areas where terrain can be, difficult keeps overhead at a minimum and outspends competitors on advertising per car. Culminating its success is a 500-employee move scheduled for June 16 to a new, 7-story, \$25 million headquarters across from the Garden State Race Track in Cherry Hill.

"We were heavily sought after to relocate by at least 10 states," says Frank T. Aspell, the assistant vice president who was responsible for getting the new facility built and negotiating the \$1.5 million land deal. "In fact, (Mayor) Wilson Goode was ready to give us the world: 48-acres by the airport, incentives and more. Frankly, we weren't looking for handouts, but we thought we might get a few more fringes besides the state's economic development bond. Basically, the reason we decided to stay is the finest group of employees anywhere. I know it sounds corny, but it's almost like a family here in that people care about each other. If I had to take a month off for personal reasons, I'd rather be at Subaru than anywhere else in the country. It's a young employee base and the accessibility is amazing. You really get the impression that management feels our South Jersey-dominated employee base is the absolute backbone of the company—the reason we are where we are today."



Subaru
Largest NJ Importer



Volvo
Marks 30th Year



BMW
Plans New Facility

Ironically, Subaru was co-founded by Malcolm Bricklin, who is currently bringing Yugo's to the U.S. Bricklin sold his Subaru stock during the early 1970's to invent the ill-fated Bricklin sports car in 1974. Bricklin initially persuaded Fuji Heavy Industries to import their car and the "Deal of the Century" may have been struck when he put up \$50,000 and Harvey Lamm, the current chairman and then working in his family's retail furniture business in Philadelphia, put up \$25,000. Their first office was a California motel room.

Because the partners lacked the cash or credit to buy the imported cars, they gave away regional distributorships to those who could pay. The arrangement, still in effect at 15 distributorships, including Hawaii and Puerto Rico, means that the only time Subaru owns the cars is while they're on the boat. The small overhead and independent status are two of the reasons the stock, which was selling at about \$227 a share—up from \$3 a share in 1968—split 8 for 1 in April. It is also part of the reason the company has grown from about 100 to 800 U.S. employees in six years.

Executives credit the product for a remarkable 50 per cent owner repurchase loyalty rate and broken sales and earning records in each of the last 10 years, including the best March in the company's history; 46 per cent higher than the previous March. All of it was accomplished despite the fact the its unit sales volume has been limited since 1981 by Japanese quotas.

The model that changed the fortunes of the company was the FFI—the first four-wheel drive car to hit the U.S. In 1975 the company broke new ground by introducing station wagons with four-wheel drive. Since 1981, Subaru's average price went from \$6,025 to more than \$8,000 this year. The model range now extends from the \$5,129 hatchback to the \$15,345 XT Coupe.

In the U.S., about 800 dealers sell Subaru's, including 23 in New Jersey. The three largest state-based dealers are DiSeo in Jersey City, Essex Subaru in Bloomfield and Subaru of Hillside. Advertising is handled by Levine, Huntley, Schmidt & Beaver, Inc., New

York, which last year won a Cleo Award for a TV spot centered around a farmer advising his son to buy a Coupe.

Despite its success, don't expect the company to sit still, especially with increased competition rearing its aggressive head on all fronts. To get around import quotas, executives are talking about possibly doing what Toyota, Nissan and Honda are doing—building a North American manufacturing facility. To fight the \$4,000 and \$5,000 mini-cars, it plans to bring over its own mini-car, the Justy, in 1987. Already on sale in Japan, the Justy will probably be priced between \$4,000 and \$5,000. Judging from Subaru's past performance, betting against it could prove a serious mistake.

MERCEDES-BENZ, Montvale

Mercedes—which set-up operations in New Jersey in 1957—is the standard by which other luxury importers measure themselves.

Not surprisingly, executives at six luxury importers named Mercedes as their chief competitor. Fred Chapman, Mercedes-Benz of North America press information manager, says: "We like to think we don't directly compete with other companies as much as with the second home or the new boat. That's part of what makes us different, along with the fact that we're engineered like no other car in the world."

If the company has a problem, it's that it can't get cars fast enough from the parent company to meet the demand. The parent is Daimler-Benz AG, the largest industrial firm in West Germany. Last year, Mercedes sold 86,903 cars in the U.S. which represents 18 per cent of worldwide production and a 9.7 increase over 1984. This year, it expects to sell over 90,000, breaking a sales record for the eighth consecutive year. The U.S. is the strongest market outside Germany and the northeast is the strongest market in the U.S.

The founders, Carl Benz and Gottlieb Daimler, neighbors in the southern part of Germany, started the company in 1886. Company literature claims they pioneered several firsts—the patent of the motorcycle, both the three and four-wheeled automobile, gasoline engines used in boats,

buses, the "honey comb radiator," diesel-powered trucks and the diesel passenger cars.

Mercedes first moved to Fort Lee in 1965 before deciding to build a plush facility in Montvale in 1972. Besides headquarters, Montvale contains a training and computer center and a zone office and technical service center. In Franklin Township, there's a parts distribution center. The company has 700 New Jersey and 1,600 U.S. employees.

Cars include 10 models, three introduced this spring and an 11th on the way. They range from the least expensive 190E at \$25,080 to the luxurious 560SEC at \$62,110. Mercedes-Benz's best selling car in the U.S. is the 300E, which retails for \$36,710. A 300ESDL turbo-charged diesel is new. Generally, says Chapman, the trend is towards aerodynamic design.

In the U.S., the company uses 420 dealers, including 15 in New Jersey. Competition for cars on the dealership level is fierce and vehicles are allocated based mostly on past history. Three large dealers in the state are Benzel-Busch in Englewood, Ray Catena in Edison and Cherry Hill Motors.

McCaffrey & McCall in Manhattan handles advertising, which "is currently in a TV phase," says Chapman. Demographically, 75 per cent of all buyers are male and 85 per cent are married. Their medium income is \$80,000.

What makes Mercedes so special? According to Chapman, the resale value and the fact that its models are built to do things others don't. In terms of safety, he points out, it's the only car that offers air bags as standard equipment. It also pioneered inter-lock brakes and doors that won't lock passengers in during a front-end crash. A Road Side Assistance Program means customers can call an 800 number around the clock, seven-days-a-week and never be stranded. And if more proof is needed, there's a survey by J.D. Power & Associates, an independent automotive consultant, which ranked Mercedes-Benz number one in its Customer Satisfaction Index.

VOLVO, Rockleigh

Volvo Cars of North America, which celebrated its 30th anniversary April



Mercedes
1st in Buyer Satisfaction



Jaguar
50% sales in U.S.



Rolls-Royce
Ultimate Status Symbol

30, is responsible for one out of every three Volvos on the road.

Founded in 1927 by entrepreneurs who wanted to make a car suitable for Swedish roads, Volvo has caught on in a big way in the U.S. The North American division is a subsidiary of AB Volvo Car Corp. of Gothenberg, Sweden, which had revenues of \$11 billion in 1985. Sales for cars in the U.S. was \$1.6 billion in 1985. In addition to manufacturing about 400,000 cars a year as Volvo Car Corp., AB Volvo makes marine engines, trucks, jet engines, buses and automated systems.

Originally in Newark and then Fort Lee, Volvo settled in an industrial park near the New York State border in Rockleigh in 1965. Today, it employs 681 in the state and 1,625 in North America. About 500 persons work in four buildings in Rockleigh, which handles parts, leasing, management information systems, marketing, technical training and more. Also in the state are a warehouse in Rutherford and a sales office in Paramus. Cars mostly come into the U.S. at Port Newark.

In the U.S. there are 407 dealerships, including 17 in New Jersey. The three largest in the state are Garden State Volvo in Manasquan, Prestige Volvo in East Hanover and Bergen Volvo in Upper Saddle River. Leasing, which represents a growing segment of its business, is handled by Volvo Finance Company. In 1985, 7,500 cars were leased, compared to 4,600 in 1984. The company also offers a Tourist Delivery System, whereby an interested traveler can buy a car in Europe, drive it on vacation and have it shipped for free to the U.S. by the company.

Volvo has a reputation for comfort and safety, and plays up those aspects, as well as predictability and consistency, in its marketing campaigns. It uses Scali, McCabe, Sloves in New York for advertising and tries to appeal to upscale market magazines and limited TV spots. *Business Week*, *Gourmet* and *Architectural Digest* are among the publications it runs ads in. Sports fans may also be familiar with Volvo-sponsored United State Tennis Association events and dealership-sponsored local tennis leagues.

James S. Dlugos, public relations consultant, says Volvo pioneered three-point seat belt development in 1959. He also boasts about the cars' longevity, resale value and the close relationship the company has with dealers and owners. Dealers sponsor hands-on seminars to teach owners how to tune-up their own cars and a trip was arranged for those anxious to tour the factory in Sweden. Service technicians come to Rockleigh each year to compete for prizes in a test of technical proficiency.

As for the cars themselves, the Volvo product line includes the 240 range and the more prestigious 740 and 760 range of sedans and wagons. Prices range from \$14,615 for the basic 240 DL model to \$25,425 for the turbo wagon. Dlugos names Audi, Peugeot and small domestics like Buick as competitors for the 240's and Audi, BMW, Saab, Cadillac and Oldsmobile as competitors for the 700's.

Two new models, which are coming, are the 480 ES, a front wheel drive sports sedan, and the new 780 which made its American debut at the Chicago Auto Show in February. The latter is expected to compete in the \$30,000 to \$35,000 segment of the market with BMW and Mercedes.

BMW, Montvale

BMW of North America, which has broken 11 consecutive sales records, has plans underway for a \$30 million, 200,000 square-foot headquarters in Woodcliff Lake. Its Montvale headquarters will become the eastern regional headquarters.

"The upper end of the market is expanding," says Thomas O. McGurn, general manager of corporate communications. "Americans are astute shoppers, have a great appreciation for technology and are willing to invest in something they care about. In terms of our product, we think it's well built, fun to drive and worth the expense."

Founded as Bavarian Motor Works in 1916 as primarily an aircraft manufacturer, the company first produced motorcycles before making its first automobile in 1928. Since 1974, when it first opened U.S. operations and exported 15,000 cars, it has grown to 87,855 units sold in the U.S. in 1985.

For 1986, McGurn anticipates BMW's 435 U.S. dealers will sell 89,000 cars and 6,000 motorcycles in what is the company's most important export market.

BMW AG, the parent company in West Germany, manufactured 435,000 cars and 30,000 motorcycles in factories in Bavaria, Berlin and Austria in 1985. Sales for the parent company were \$8 billion in 1985 compared to \$2 billion for BMW of North America. The company employs 54,000 employees worldwide, 725 at seven U.S. regional offices and 350 in the state.

Ammirati & Puris in Manhattan—hired to handle advertising when BMW first came to the U.S.—is still its agency. "The goal was to make the car known to those who weren't just car buffs," says McGurn. BMW's long-time slogan is "The Ultimate Driving Machine."

Besides its Montvale facility, which has an impressive sampling of models in the lobby and where the company does marketing, data processing and provides retail support and technical training, BMW has 20 employees at an eastern regional office in Ramsey and 60 employees at a parts distribution center in Mount Olive. More than 40 per cent of its cars come through Port Newark. Twenty dealers, all independent franchises, are located in the state. The three largest are Open Road BMW in Edison, Morristown BMW and Avenue Motors in Maywood. The two largest dealerships in the country are located in San Francisco and Atlanta, respectively.

BMW has four body styles and various models in each style, ranging in price from \$19,955 to \$44,000. Although it makes adjustments each year, styles have a lifecycle of about eight years. As a fleet, newer models average 27 miles per gallon and have an anti-lock breaking system. The three series include the 325, 325e and 325es (\$19,995-\$23,255); five series, 524 TD (turbo diesel), 525E and 535i; six series, 635CSi two-door coupe (\$43,000); seven series, 735i four door sedan with all-leather, hand stitched interior, air bag and 3.5 liter engine (\$44,000). Prices were raised 4.6 per cent in March. McGurn says consumers are asking for more luxury on the



Yugo
Creates New Market

inside and standard equipment includes radio, sunroof, fuel injection, digital motor electronics, driver information systems and more.

In the six and seven series, McGurn considers Mercedes, Jaguar and Porche to be major competitors. "In the \$15,000 to \$25,000 range, BMW competed with about eight other companies 10 years ago," he says. "Today, there are about 40 companies that compete with us in that range."

ROLLS ROYCE, Lyndhurst

Rolls-Royce Motors has managed to convince the world that owning one of its cars is the ultimate status symbol.

At \$103,000 for the least expensive model, those who can afford a Rolls-Royce are generally so wealthy that price isn't a major consideration, says Reg Abbiss, senior executive for communications and former BBC reporter. You probably also don't mind that cars do an average of less than 10 miles per gallon on gas, and New York City parking garages are reluctant to park a Rolls-Royce. Abbiss says he often slips the doorman at the Plaza or some other posh hotel \$20 to keep an eye on it. They're glad to have a Rolls-Royce out front, he adds.

The cost is also the reason why hardly any of the 65 employees at Rolls-Royce in Lyndhurst owns one. A fringe benefit for employees is they sometimes get to borrow one of the company's fleet to test drive or take to lunch or a meeting.

The history of the company is as full of mystique as the cars themselves. An engineer for the railroad with a reputation as a perfectionist, Sir Frederick Henry Royce built the first car in 1903 because he was displeased over the way his new Decauville ran. Charles Stewart Rolls, a 27-year-old maverick/aristocrat who won the British Thousand Miles trial of 1900, was asked to try the car and was so impressed that he offered to market it.

In 1904, Rolls and Royce drew up an agreement to produce a car bearing both their names. Soon after, the new Rolls-Royce received a gold medal at the Paris Salon and the first U.S. car was sold in New York. In 1910, tragedy struck when Rolls was killed while landing a Wright Brothers-designed



Peugeot
Turns Profit in 1985

aircraft. The following year, the cars' symbol, the Spirit of Ecstasy, a sculpture of a flying lady, adorned the first grille.

Rolls-Royce's were used by Britain during both world wars and by Lawrence of Arabia, who was moved to write: "A Rolls in the desert was above rubies. The first Silver Ghost, built in 1906 and still in perfect running order after 507,000 miles, has been called "the world's most valuable historic motor car." The R-type engine developed into one of the most famous aero engines of all time, The Merlin. On its heels aircraft technology eventually became the company's main focus.

In the 1930's, Rolls-Royce acquired Bentley and opened a factory in Springfield, Mass., where 2,994 models were produced. Abbiss says some of the finest cars the company ever made were built there, but the factory closed because too many Americans demanded British-made Rolls-Royce's. Until WW II ended, every car that was made was a different shape because Rolls-Royce only made the guts—bodies were put together by custom shops.

Abbiss says the company eventually went bankrupt because it was run by engineers instead of accountants and profits were tied mainly to jet engine manufacturing and government subsidies. "The day Rolls-Royce went bust was like the British bank going under; people were in shock," recalls Abbiss. Because of its engineering expertise and number of defense contracts, the aviation side of the company was saved—bought by the government and called Rolls-Royce Ltd. The remaining assets, which included the car division, were offered on the London Stock Exchange. In 1980, the company merged with Vickers, with the Rolls-Royce name remaining intact.

"One of the most ingenious marketing moves in auto history was pulled off by the company when it was in trouble in the 1970's," says an executive at another company. "A lot of experts were saying Mercedes, which were around the same price, were just as mechanically sound and a better buy. Rolls-Royce simply doubled the



Ferrari
Most Coveted Exotic

cost of their cars, which enhanced their exclusivity and doubled sales."

U.S. headquarters for cars was originally at Rockefeller Center, but a parts warehouse in Teaneck helped the company see New Jersey's advantages. A new headquarters for the car division was built on Century Road in Paramus in the early 1970's. In 1979, the company decided to expand again and moved into a custom-designed building in Lyndhurst.

Currently, cars are made by hand in Crewe, England, taking from three to six months to finish. About 4,300 employees make some 48 cars per week. Out of 101,000 cars manufactured in its history, 30,000 are in the U.S. and 65,000 are still running. Southern California is the company's best market. Last year, 1,100 new cars were bought in the U.S. at 60 dealerships; 40 per cent of the company's output and 200 more than in 1982. While three New Jersey dealers, Regency Motors in Montclair, F.C. Kerbeck & Sons in Palmyra and Kerbeck Cadillac Pontiac in Atlantic City, sold only 57 Rolls-Royce's last year, Abbiss points out the company imported to the U.S. about \$100 million in cars and parts.

In 1986, Rolls-Royce introduced the Silver Spur Limousine, the most expensive car ever marketed in the U.S. at \$198,000. This year's line also includes the Corniche II, an enhanced version of the convertible, priced at \$163,800 and sold only in North America. Additionally, Silver Spur and Silver Spirit sedans and the Camargue, a two-door coup priced at \$150,600, came to the market this year. Cellular telephones, which include a miniature speaker system on the rear view mirror, are standard equipment.

One problem which other companies might envy is people using the Rolls-Royce name to advertise paint, mattresses and other goods. Rolls-Royce Motors has gone to court several times over its trademark, managing to win each time and keep the Rolls-Royce name synonymous with quality.

JAGUAR, Leonia

Proof that more people have money to spend is evident when one considers the most reasonable Jaguar sells for \$33,900 and the company is selling more cars than ever before.



Imports Flood Through Newark-Elizabeth Port

WITH 5.2 million residents registered to drive in New Jersey, it turns out that almost one out of 10 resident-drivers could have driven a brand new imported car off a container ship in 1985 if they were given away.

According to Matthew G. Smith, assistant manager of Port Facilities Management, 214,000 imported cars came through Port Newark and 194,000 at the Elizabeth Marine Terminal for a total of 408,000 last year, compared to 360,000 in 1984. Less than 1,000 domestic made cars were exported from the port in 1985. Types of vehicles coming off about 175 ships last year ranged from Hyundai to Rolls-Royce. Volkswagen, Mercedes and Subaru do not ship vehicles through New Jersey.

Longshoremen drive the cars off ships that look like overgrown half-gallon orange juice containers. More than 6,000 longshoremen work at the port and an average of 40 longshoremen unload ships that average 1,200 cars each. Larger deliveries may require as many as 100 workers to unload 4,000 cars. Although the cars sit with keys in the ignition and fuel in the tank while at the port, Smith says there is very little crime compared to other ports because of tight security by PA police and private security firms hired by prep companies.

"There is literally millions and millions of dollars worth of cars in front of you, but you have a tendency to take them for granted when you work here," says Smith. "Seeing 30 dirty Jaguar's in

a cluster is totally different than seeing a polished one on the street."

Parking areas and facility space is leased from the PA. Ships come in at public berths or at docks managed by companies such as Atlantic Containers and Maher Terminals, also PA tenants. The average ship pays the PA \$500 a day to use the port and while vehicles are spot checked by customs, almost all go through customs overseas.

Once the cars come off the ships, they're cleaned and checked for defects by companies like Shimazaki, Carter Auto Transport and Foreign Auto Prep Service. Peugeot, which prepares its own cars, is the exception. On an average, it takes one day to prep a car. Dealers send their own people to pick up the vehicles.

The PA, which has 120 employees at the waterfront and serves in Smith's estimation "as a public works center for a small town," is landlord over 2,200 acres in the waterfront area, including 900 owned by the City of Newark. About 100 acres are used to park and service cars as they come off ships from around the world.

"We would be willing to devote more room for cars because the demand is certainly there, but there isn't room," says Smith. "Many companies have been turned away and they have to bring their cars in at Baltimore or Norfolk, Virginia."

What kind of car does he drive? "A 1969 Nova that's falling apart," says Smith.

Jaguar, which some thought might fold only five years ago, was founded by William Lyons in England in 1922 as Swallow Sidecar Company. The first car to bear the Jaguar name was made in 1935. In 1968, Jaguar merged with Leyland Motor Corp. Ltd. to form British Leyland Motor Corp. After John Egan was hired as chairman in 1980, Jaguar began operating as a separate unit and two years ago, broke away and established Jaguar Cars Ltd. Currently, its stock is traded OTC, it employs 10,000 worldwide and profits were \$175.9 million in 1985, a 15 per cent increase over 1984.

According to Public Relations Manager Michael L. Cook, it wasn't until Egan came on board that the company's fortunes began to change. In 1980, only 3,029 cars were sold in the U.S. compared to 20,528 last year. The U.S. market accounts for more than half of the Jaguar's sold worldwide. Its goal is to reach the 60,000 cars made mark in five years.

Three models, ranging in price from \$33,900 to \$37,800, are made at three plants in Coventry, England. Cook says their biggest selling point is "a traditional style inside and out," adding "it's the look that sells." All cars come fully equipped with electric windows and mirrors, driver information systems, a 40-watt, four speaker stereo system, leather interior and more. The XJ-3 features a unique overhead cam aluminum V12 engine.

Jaguar employees 200 in Leonia and has 167 dealerships selling Jaguars in the U.S., including nine in New Jersey. The second largest dealer in the country is Raleigh Motors in Paramus. Most are dual franchises, meaning that they sell a mix of several manufacturers. Demographically, most buyers are between 45 to 50 years old (40 per cent women for the sedan) with an average family income of \$100,000. Cook estimates that as many as 40 to 50 per cent of all Jaguars driven in the U.S. are leased.

Jaguar Cars Inc. is currently looking for an advertising agency to replace Bozell & Jacobs, which merged with Kenyon & Eckert and created a conflict with the Chrysler account; especially since Chrysler is bringing a car to the market that will compete directly with the XJS. While Jaguar does TV advertising in selected markets—mostly news and sports programs—most of its effort is aimed at publications such as the *Wall Street Journal* and upscale business magazines.

"We're still a very small company in the car market," says Cook, "especially when you consider that Mercedes makes ten times the amount of cars that we do. But there's no question we've come a long way in a relatively short period."