

# MAKING THE FAST FASTER

*Though relatively new to the marketplace, performance conversions are already an important profit center and dealership image builder. Dealers and converters explain why.*

By Andrew Michaelson

**A**fter a lull in production, the aftermarket producers of performance cars are back in business, converting powerful stock cars into even hotter street machines.

Some, in fact, have been doing so since the start of the 1985 model year, only a year after the factories returned to catering to this enthusiast section of the market with cars like the Mustang GT, Z28 Camaro and Daytona.

Auto Age looked at three converters, ASC/McClaren and Saleen Autosport, both of which work in close cooperation with Ford Motor Co. to produce "hot-rod" versions of the Mercury Capri and Ford Mustang, respectively, and Carroll Shelby, the man Lee Iacocca once called "Mr. Excitement," who has returned to the field 24 years after introducing the legendary AC Cobra.

The GLHS, Shelby's 175-horsepower, turbocharged, intercooled car based upon the long-serving Dodge Omni/Plymouth Horizon, is being built in Whittier, Calif., as a limited edition of 500 only. It will be followed by a different Chrysler Corp. product—probably the Lancer ES—which will also be a limited production run. Shelby hopes to produce 1,000 examples of this.

## Flash in the pan

All three companies point to their close ties with Ford and Chrysler as proof that they should not be regarded as a mere flash in the pan. And dealers now selling the Saleen Mustang and McClaren Coupe, as well as those awaiting the arrival of the GLHS (at the time of writing), say they value these products. There is, however, some difference of opinion as to how that value should be defined.

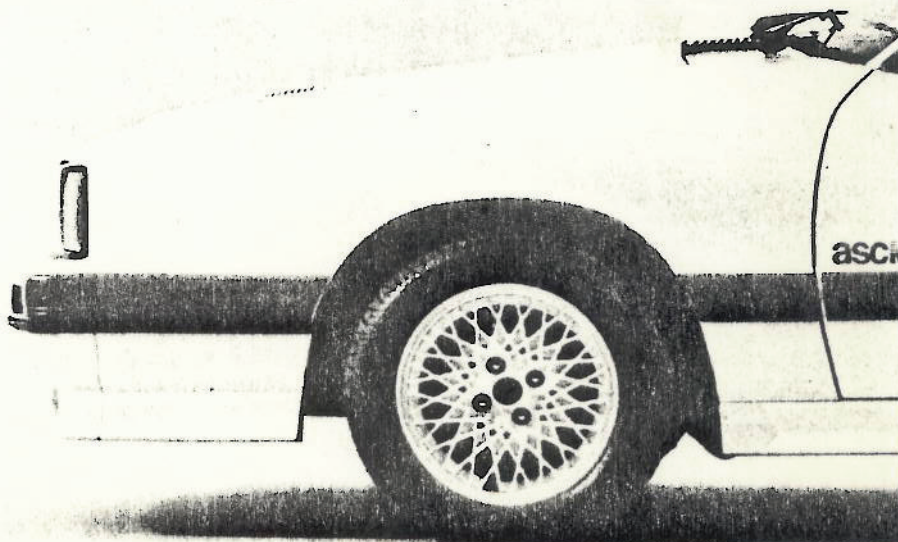
While most dealers interviewed view performance conversions as an important profit center in their own right, pointing to a healthy markup on each sale, some say that the low volume of these cars makes the return on them in-

Shelby GLHS

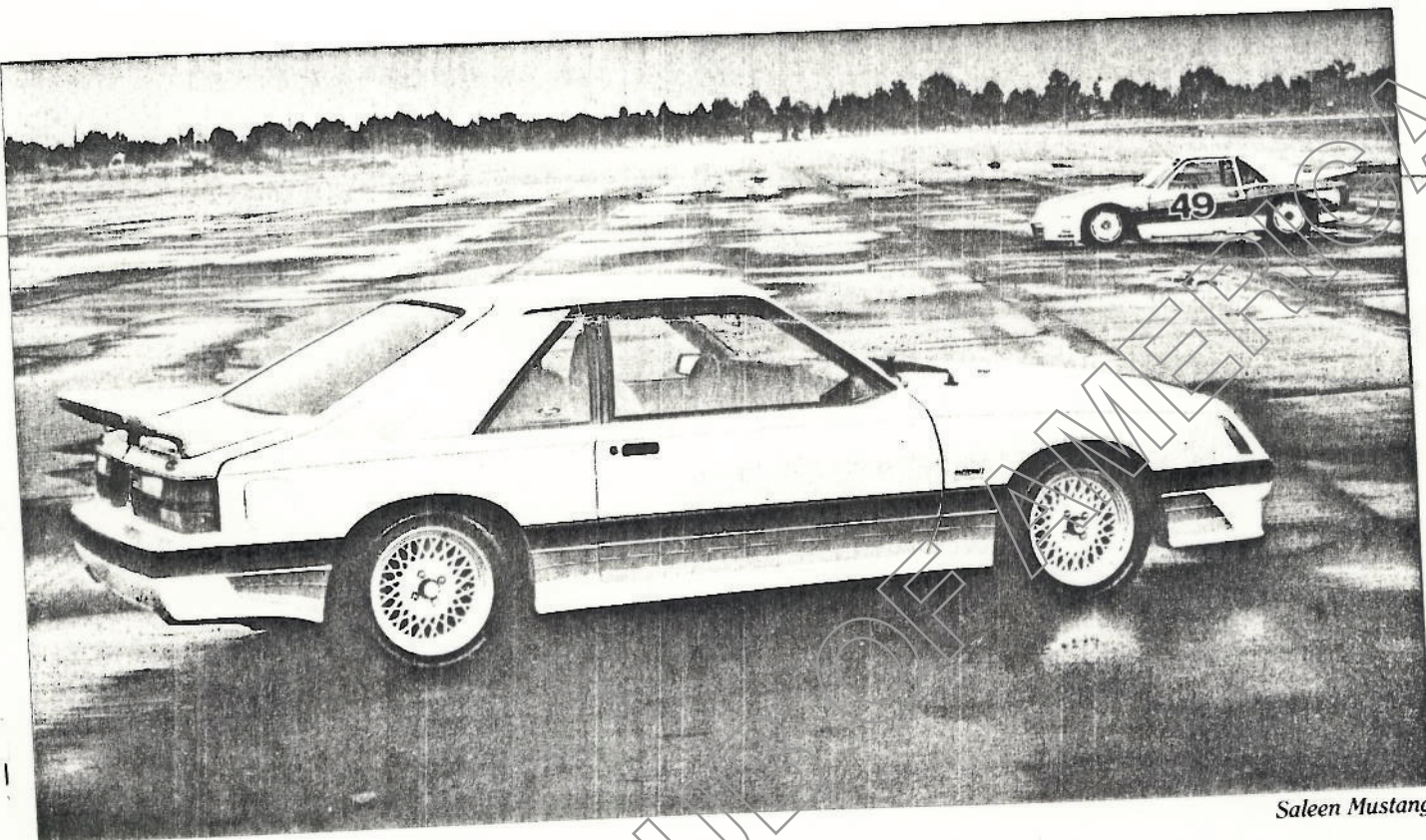


*Today's new crop of pavement scorchers invite comparison with yesterday's offerings. The Shelby-massaged "Omnirizon" econobox-based GLHS (upper left), with 175 ponies under the hood, can dash 0-60 in 6.8 seconds, shutting down the '67 Dodge Charger 440 Magnum R/T, which with 375 box stock horses clocked in at 7.2.*

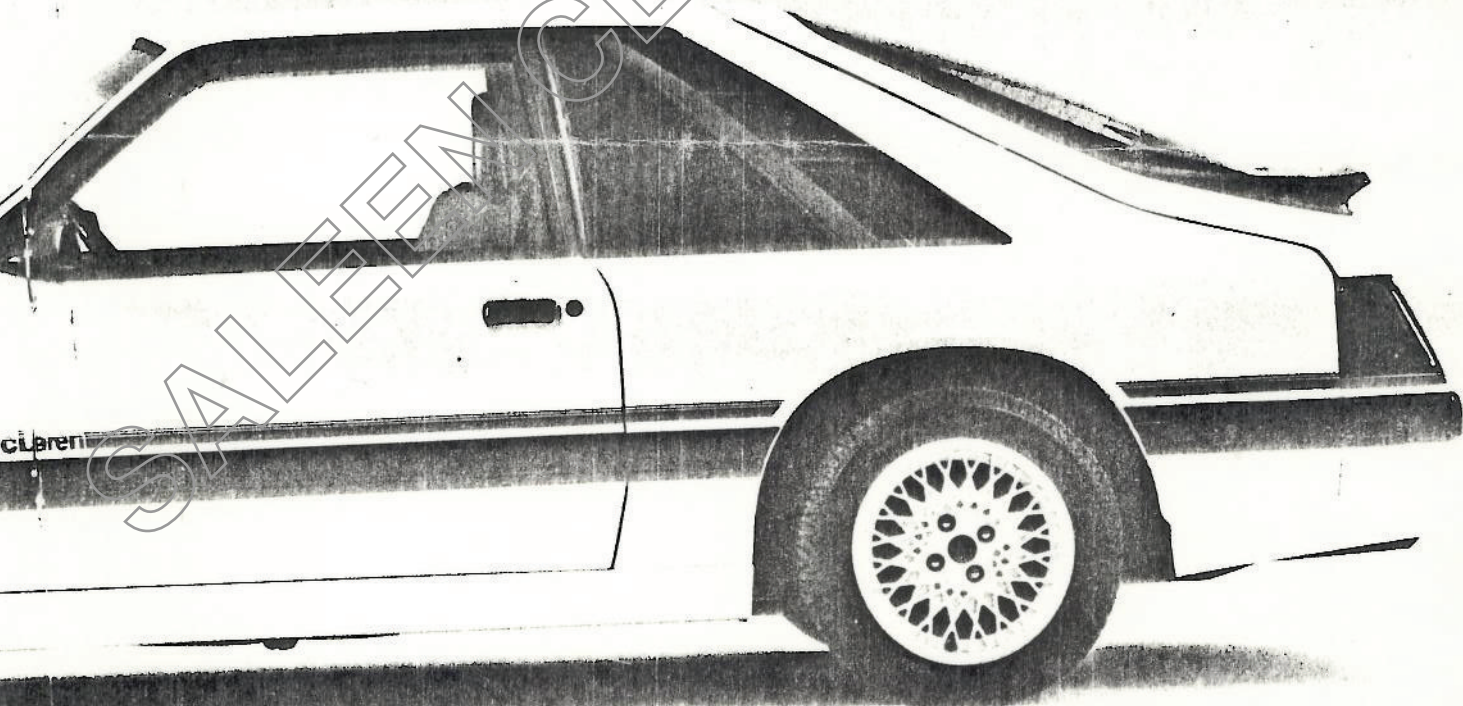
*Both the McLaren and Saleen (upper right) tweaked Mustangs of today crack the quarter-mile in about 15.8 seconds, nowhere close to the 14.5 eyeblinks a 1971 429 CJ Mach 1 Mustang could rip off.*



McLaren Coupe



*Saleen Mustang*



significant. But, they say, the image created by having such a vehicle in a showroom, and the resultant increase in traffic, makes the cars useful "invisible earners."

Tawny Arnaud, general manager of Galpin Ford, Los Angeles, which sells the Saleen Mustang, does not regard the car as a real dollars-and-cents earner. But the image it affords the store makes it a worthwhile venture, he says.

"What we like about the car is it's something people may not see anywhere else. It might get somebody excited, but they end up buying a different car (where they might not have bought anything)."

The Saleen is not the first high-profile conversion that Galpin has sold, says Arnaud, but it is the first by an outside converter.

"For many years we have had 'Galpinized' cars. Right now we have a Thunderbird which we put spoilers and what-have-you on, but we don't do anything with the engine or suspension. The idea is that people should say, 'Hey, I was just at Galpin and you ought to see what they have there.' We actually had a suspension package for the GT before we carried Saleen, but Saleen's was more complete. As far as having a sharp-looking car on the showroom floor for people to get excited about, it's great."

### Questionable profits

Dan Fitzgerald, president of Fitzgerald Dodge, Laconia, N.H., was still awaiting the arrival of his first Shelby although he had already taken 20 firm orders and deposits for the cars. Even so, the earnings potential of the cars was not his prime reason for wanting them, he said.

"I have owned six or seven Shelby Cobras. I have followed his career for a long time and I have faith in anything he does. I don't look at it as a big profit center; it helps take the boredom out of everyday business. Also, I firmly believe that by taking the Shelby franchise, the attraction of his name, his image and his cars is going to spin off and sell regular GLHs and Daytona Turbo Zs."

However, many dealers do see real profits to be made from these cars. Chuck Snipes, a principal of Snipes Ford, Goldsboro, N.C., which sells the Saleen Mustang, says the only things that compare with the car in terms of profit are van conversions.

"That's where we make a decent

*"I don't see anybody setting the world on fire with this type of car. . . . Shelby has the right approach."*

—Dan Fitzgerald, Fitzgerald Dodge

amount of money. More so than on, say, a regular Mustang GT."

Star Lincoln-Mercury, Southfield, Mich., has been selling the McClaren Coupe since it first came out at the beginning of 1985. Its sales of the Capri conversion, which average two per month, bring in a significant amount of money, says General Manager Phil Schostak.

"I don't know that it is a major profit center, but it is definitely a (worthwhile) source of profit."

He believes more dealers could benefit from selling such vehicles than currently do.

"It has to be merchandised properly. It has to be displayed prominently in front of the dealership. I have signs in the window stating that we sell this car and I also put ads in the paper."

Another dealership successful with the McClaren is Heinz Park Lincoln-Mercury, Detroit. Co-principal Dave Kolb says they average sales of five coupes per month, though only in the summer months.

"It has to be seasonal because this is a performance car. Somehow people in this region just don't think of performance cars when there are 12 inches of snow on the ground."

He also emphasizes the exposure the car gives his dealership, particularly among younger buyers, yuppies, and people who might eventually buy a different product.

But, Tom Karay, general sales manager of Crestwood Dodge, Detroit—which has the Shelby franchise—says that dealers can only really profit from performance conversions if they have the right backup facilities already in place.

"It is worth it for us only because there is going to be a decent markup on the cars and I can take extra measures to provide the customer with a quality product. When the customers take delivery we explain all aspects of the car as well as school them in what it will take to get it serviced. We are also the only dealership in the tri-state area with an in-house dynamometer. We'll be able to simulate road conditions in the building and make sure we do the necessary repairs."

Crestwood has had a performance image for many years, helped by the fact that Karay, his salesmen and the people in his parts department are all "avid performance enthusiasts. Some guys are golfers, some like planes and I'm a car nut."

Steve Saleen of Saleen Autosports, Burbank, Calif., agrees that only certain kinds of dealerships will be able to best profit from products like his Mustang conversion.

"The dealers who tend to be more aggressive in the marketplace, looking for different forms of merchandising, are obviously the ones who are going to be more receptive."

Mark Gebhard, national sales and marketing manager of ASC/McClaren, Livonia, Mich., says they also have only a certain number of key Lincoln-Mercury dealers selling the McClaren Coupe, although they are required by Ford to make the vehicles available to all franchisees, capacity permitting.

Lincoln-Mercury also assists in advertising the Coupe, although ASC does some promotion of its own, says Gebhard.

"By no means do we have an advertising account equal to Lincoln-Mercury's, so we have a McClaren in the Capri brochure. We have also taken the vehicle to shows and dealer meetings around the country. For key dealers we will participate in mall shows and co-op advertising, depending upon what they are putting in."

George Merwin, sales and marketing manager of Shelby Automobiles, was looking for 75 Dodge dealers nationwide to handle the Shelby franchise. As a rule, he said, he would not consider high-volume dealerships as ideal performance outlets.

"A volume dealer's primary interest is taillights out of the door. You have to specially train your sales force because

the average buyer probably knows more than the salesman he's talking to. Most volume dealers don't have time for that."

Merwin, who held a similar post with Shelby in the 1960s, also attaches importance to the attitude of the dealer when looking for franchisees, recalling a statement made by Lee Iacocca, when he was still with Ford. Iacocca had said, "Ninety percent of people in the automobile business hate cars. They would rather be selling Coke or something, so when you find a real aficionado, or car nut, hang onto him."

"I guess that upset a lot of top Ford management at the time, but it's true. You've got this problem in the auto industry," says Merwin.

## Availability problem

Snipes, of Snipes Ford, sees product availability as a problem. His troubles are mostly the result of government restrictions, he says.

"We can't get the chassis here to send to (Saleen) and he's not able to get enough himself. The main reason is the V8 engine. We have a couple of hundred orders for V8 engines in Mustangs, but (Ford) just won't fill that many for us because of the CAFE rules."

Added to that, he says, the majority of the cars Saleen receives from the factory meet California emissions standards, an unnecessary extra in the Carolinas.

"I got one last month (March) with California emissions just because I had a buyer for it. But I'd rather not have (those) emissions controls. Unless they do something about CAFE, I don't think we'll ever have as many as we need."

Having 16 firm orders for the GLHS before the first arrived, Karay, of Crestwood Dodge, doubted he could possibly get as many of the limited number available as he could sell. His hope was that Shelby could be enticed into going beyond the 500 mark.

"I think once they see how well the cars are going over, they'll definitely step-up production. Obviously, though, they don't want to go too far because they will lose something by being mass-produced."

The stay of execution given the basic Omni model, with the introduction of the Omni America, also gave him hope for more GLHSs, he said.

However, Merwin, of Shelby Motors, says they cannot get more than 500 Omnis, "and we had to fight like hell to

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—Chuck Snipes,  
Snipes Ford

get 500." Their next model run will increase to 1,000 units, but may grow further if Shelby can move to larger facilities.

Until the early 1980s, it was "all quiet on the performance front," says Saleen. The demand never died, but the product was not there.

"I think it was 1982 when the manufacturers finally realized the need for performance-oriented cars, having overreacted to the last fuel crisis. Now that things are easing up, the manufacturers realize that there is a pretty good-sized market out there."

Gebhard, of ASC/McClaren, agrees with Saleen's assessment. The turnaround since the fuel scare, though, is more dramatic than some may realize, he says.

"Another project I am working on is the Camaro convertible. We have found



Snipes

that the retail base for the Camaro is 70 percent with V8 engines."

Image has also been an important factor in Detroit's performance revival, he says.

"They are trying to get, and re-establish, identities for their products and one way is through performance, be it a small engine with a turbocharger, or an old V8 that has been worked over. Also, you now have new fuel-injection systems and other things coming out and making these vehicles (practical). For example, the Capri now has a highway mileage of 26 mpg and that's acceptable by anyone's standards."

Kolb, of Heinz Park Lincoln-Mercury, sees the performance market growing ever larger.

"I think it's obvious. General Motors has the IROC (Camaro) and Ford is now coming out with a 235-horsepower engine to replace the current 200-horsepower plant. I have always liked performance cars. I think my attitude is typical among the current crop of buyers. Like them, I'm also interested in the Porsche and BMW section of the market."

Heinz Park is something of a special case, though, says Kolb. The dealership is situated right in the middle of "Ford country."

"A lot of people in our area not only buy Fords, they also work for Ford. A lot are engineers and know what these cars can and will do. The cost difference between a base Capri and a McClaren Coupe is about \$4,500, which would be a lot to pay just for an image. They want a car that runs and handles."

Fitzgerald, of Fitzgerald Dodge, says he has always found the demand for performance to be limited. However, he considers this no bad thing.

"I don't see anybody setting the world on fire with this type of car. But, I think Shelby has the right approach by only doing 500 and keeping the demand up. People are buying the car because of him, not Lee Iacocca, and in about seven or eight years they will probably be worth a bit."

Schostak, of Star Lincoln-Mercury, says that performance cars, particularly conversions like the McClaren he sells, can only be really successful in wealthy areas.

"This kind of vehicle just wouldn't sell well in a place like Davenport, Iowa."

The performance market is going to

keep on growing, though, he says.

"If that weren't the case, they wouldn't have a 'Chrysleratti' coming out next year. Lee Iacocca doesn't do those kinds of things without making terrific market studies, and he was right on with that little minivan. As yuppies become wealthier, they're going to have more spendable income and will buy (performance) cars."

Arnaud, of Galpin Ford, agrees there has always been a residual undercurrent of performance enthusiasts, just waiting for the right product.

### Amazing buyers

"For many years, when cars were rather sluggish, we didn't have anything like performance to offer. Then, as soon as the GT came along, people started coming out of the woodwork. It was amazing the type of buyers we had when it first came out. One customer sold his Ferrari and bought a GT and he loved it. It enhances the whole line."

Saleen is not the first aftermarket converter to approach Galpin Ford, says Arnaud, but he is the only one it has seriously considered.

"Saleen does a beautiful job, but most of the (conversions) I have seen we would not carry. The workmanship was not of a quality we want to represent. For that reason, I'm not sure we will see too many more. Plus, Saleen's is the only car we have seen that is built in association with Ford."

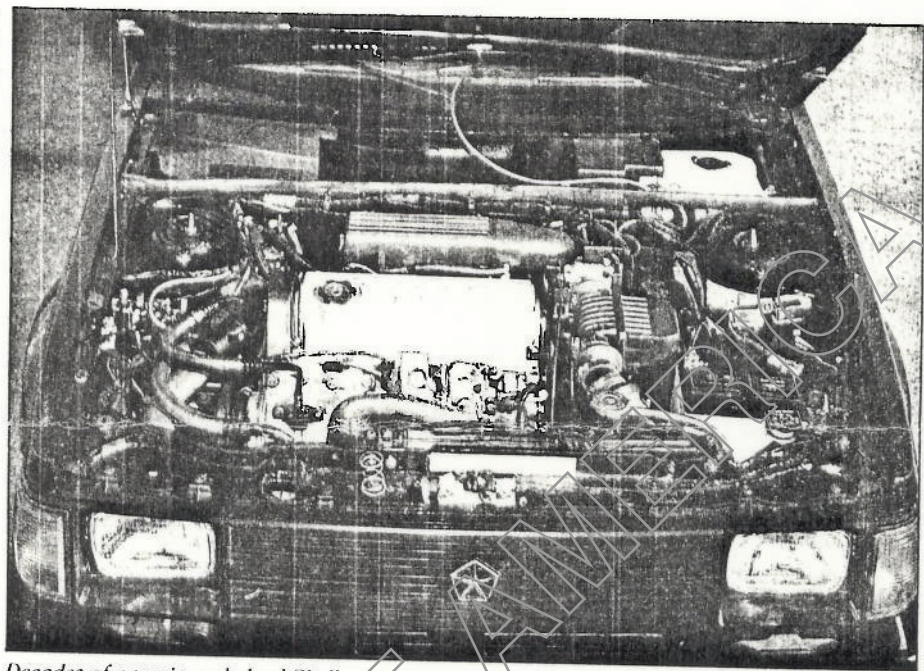
Saleen, himself, does see room for more converters, although some may not last all that long, he says.

"There will always be a need for different projects to be done and I see every manufacturer having a couple of people they go to for special editions or ground-up projects. Most firms are in business for a year or two, working from some small garage. They use fiberglass parts when they should use urethane or some polymer material."

He says converters' numbers will reach saturation because of that, leaving a few, well-established firms still in business.

Karay, of Crestwood Dodge, blames the insurance companies for the drop in production of performance cars, during the 1970s.

"They put outrageous premiums on performance vehicles. Also, when the factories went to unleaded fuel, they were no longer able to offer the fire-breathing, muscle-bound street cars. They made at-



*Decades of experience helped Shelby extract maximum power from Dodge's 2.2-liter mill.*

tempts by increasing cubic inches, but it really wasn't the same. Now, our Dodge Daytonas, whether they are the full-blown Turbo Z or the base model, are being ordered with white lettered tires, aluminum wheels and five-speed transmissions.

Shelby's GLHS is the first aftermarket conversion that Crestwood Dodge has carried. It is not so long ago that such a product would have been almost impossible to find, says Karay.

"There really has not been anybody else in the last 10 years simply because if you mess with the federal laws on pollution control, you're in big trouble. I'm excited about it because I am an enthusiast. Here you've got your \$11,000 Omni and you pull up next to a \$28,000 Corvette or an \$18,000 Trans Am and you're able to dust the guy. There is definitely a sense of satisfaction that you get out of doing that."

Training salesmen on such a specialized product can be a problem, says Snipes. Performance buyers are probably the most knowledgeable there are.

"When I first started selling the Saleens, I was the only one selling them (in this store). I'd let the salesman give the customer a demonstration ride, but I was really the one who sat in and answered all the questions. The customer usually knows way more about the car than the salesman. I don't like that at all, but we haven't had a problem yet because I'm here."

Servicing the cars is far more straightforward, he says.

"The Mustang has been around forever so there's no trouble with the body or suspension and the engine very rarely has problems. Of course you'll get the obvious things such as the car being so low to the ground, the air dam can get knocked off the front. But we have started stocking front air dams and the rear wings. If I were out of stock, I could usually get the parts within a week."

### Sales training

Kolb, of Heinz Park Lincoln-Mercury, gets around any problems with his staff's product knowledge by sending them to ASC/McClaren, a short drive across town.

"After I have trained each salesman myself, I send them to ASC to watch the cars being converted. That teaches them the component parts and workmanship that is put in. A real problem that I do have, though, is trying to get the older salesmen interested in selling this car. My young guys will talk about them all night and wind up selling one, but the older guys really don't want to do that. To them, you either want to buy it or you don't."

Kolb also sends his service technicians to the converter to watch production, study problems and gather information about which have been recurring.

Arnaud, of Galpin Ford, says he has no particular problems with his salesmen's

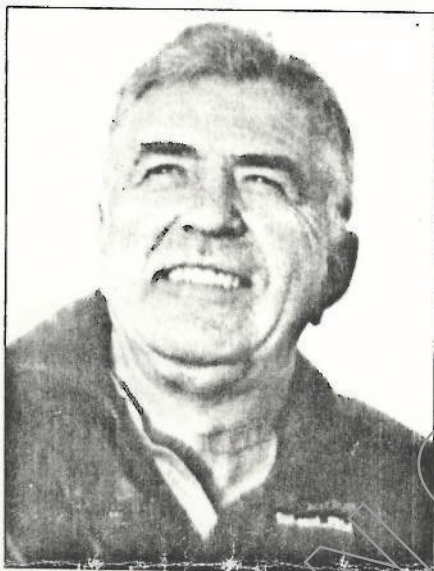
knowledge of the Saleen Mustang, or any other Ford products.

"We have some salesmen who are extremely knowledgeable on that car, and our product line all the way through. I think the salesmen here are head and shoulders above the average and on that basis we don't have a problem."

Servicing performance cars in general has not caused undue trouble at Crestwood Dodge, says Karay. But it gets "interesting" at times.

"It's been somewhat of a strain in service. You have a more knowledgeable customer back there who's coming in telling you what repairs to do on a car, as opposed to what you think should be done."

He is fortunate, he says, that all his staff are, or soon become, performance enthusiasts.



Shelby

"We do not provide our salesmen with demonstrators. But in our employee parking lot you'll see Charger 2+2s, Shelby Chargers and Turbo Zs. There are always arguments at the Monday morning meeting about whose is faster. Being a car nut doesn't just happen when you reach 25. It's something you are from when you are a little kid."

Another thing that distinguishes performance customers from the run-of-the-mill car buyer is the way they pay, says Karay.

"The majority are finance customers. A number, though, have been coming in and putting \$7,000 down on the GLHS, which is definitely not the norm. We usually sell an Omni with \$1,000 down."

*"Nobody has ever tried this but we think we can do . . . these small volumes."*

—George Merwin,  
Shelby Automobiles.

He predicts no problems with financing the Shelby cars, but says insurance might be a different matter.

"The insurance is going to depend on whether people start cracking these things up. When the Shelby turbo Charger came out in 1985, I expected to see a lot ending up in junkyards and body shops because I thought the car had too much power for the average driver. But one thing I learned about front-wheel-drive cars is that they aren't quite as stupid as the driver is."

Kolb says almost all of his McLaren customers use finance, but he has been unable to lease the vehicles.

"The problem we have with leasing is residual values. Nobody really knows what a McLaren is. Consequently, after the lease is up they want to bring it back at the price of a regular Capri. That just doesn't do the job for us."

That has not cost him any sales, he says. At least, not yet.

"In maybe a year or two, that could become a factor. A lot of people are getting turned on to leasing and like the benefits of it."

Snipes has also found that his finance customers make unusually high down payments. However, he has had no problems with leasing, was happy with the valuation "and I'm completely non-recourse." He has leased four Saleen Mustangs to date.

Schostak says he has an average mix of finance and lease customers for the McLaren. "In fact I don't think it's any different than with any other luxury car." Also, these performance conversions are often an impulse buy, as are many luxury vehicles, particularly sports cars.

"You don't want to have to tell the customer that it must be ordered. If they have time to think about it for a couple of weeks, they could change their minds a

million times. The car has got to be there and it has to be during the (summer) season, in Michigan at least."

What of the future then? What do the converters have up their sleeves?

ASC/McClaren's Gebhard points out the Capris, 10 percent of which his company buys, are going out of production this year. A source who wished to remain anonymous suggested that their next project is likely to be a Mustang conversion, similar to Saleen's but distributed through the Lincoln-Mercury network.

Saleen will continue production of his Mustang for the foreseeable future, but will expand into other projects at the same time. He plans to stick with Ford products and says he has already completed his next venture, a Ford Tempo conversion. His Mustang has also been accepted by the Sports Car Club of America to compete in its Showroom Stock GT endurance series.

"We will be running a two-car race team to help promote the capabilities of the car. This has only happened one other time, when Shelby was able to get his GT350 Mustangs homologated."

## Close ties

Normally, the SCCA would only homologate a vehicle that is produced in annual numbers of at least 3,000—Saleen builds only 1,000—and is in near-identical trim as when it leaves the factory. Saleen's close ties to Ford were what swung the decision in his favor, says a spokesman for the series' governing body.

"All the parts he uses are marketed through Ford, who doesn't have anything in its inventory that can run 15 minutes in an endurance race without falling apart, right now. Saleen has solved those problems and we badly wanted a Ford product in that series."

Shelby plans to produce a different vehicle every quarter, in batches of 1,000 where possible. Next off the blocks will be Chrysler's H-body Lancer ES, says Merwin.

"Our competition (with the Lancer) will probably be the Mercedes, Audi and BMW kind of European sports sedans. But we'll have a car priced close to \$18,000. After that, we'll do some things with the Daytona to make it a real movin' sports car. Nobody has ever tried this but we think we can do it by keeping to these small volumes."