

NEWS UPDATE

STARS, STRIPES & HONDA

The most Americanized Japanese automaker, Honda, is becoming even more so. The Americanization process has become such a high-priority pursuit that Honda North American President Koichi Amemiya laughingly denied at a meeting with newsmen that his boss in Tokyo, Honda President Nobuhiko Kawamoto, was even considering relocation of the company's world headquarters to California or Hawaii.

"Kawamoto told me we won't go that far, but maybe set up a global space station some day," Amemiya said with a laugh.

Since becoming Honda's top boss in June, 1990, Kawamoto has rapidly installed an American-like chain-of-command management structure in place of the consensus-style management philosophy implanted by the late company founder, Soichiro Honda. Explained Kawamoto in year-end interviews:

"I had to revitalize and reorganize our people. The world's auto markets are full of cars. The 1990s are going to be very difficult, and we have to adapt."

Specific upshots of the new Honda approach, as outlined by Amemiya, include closer coordination with Tokyo

on major policy changes. The company has been faulted by some dealers for falling behind Japanese competition in several product areas, such as availability of airbags and anti-lock brakes, and in holding too rigidly to a no program cars policy.

In addition, Acura has stumbled sales-wise with the NSX and Vigor models, and a growing number of Acura dealers have grumbled about lack of a customer rebate policy or a consistent dealer incentive program.

"We have told our dealers driver-side and passenger-side front-seat airbags will be standard equipment on all 1994 models," said Amemiya, "but even though other luxury makes are ahead of us, we will still have them before our major volume competitors. On pricing and rebates, we constantly study market trends and hopefully will remain competitive in line with our dealer interests."

Amemiya is taking his cues from Honda's new Torrance, Calif., headquarters from engineer Kawamoto, who told an American Honda conference last April. "It's taking us too much time to make decisions, and there are too many complex procedures."

To implement the restructuring, Kawamoto assigned every manager a specific function and ordered executives to spend more time with dealers, suppliers and customers. Decisions were made by the managers, much like American automakers, rather than at the top level by groups.

To Kawamoto and Amemiya the new look at Honda will assure better cars at three-year or four-year intervals, a Honda trump suit popular with U.S. dealers. And Amemiya is pressing for re-entry into the U.S. minicompact market as soon as possible, in view of five-figure pricing for the

restyled '92-model Civic, once a top-selling entry-level model at \$6,000 delivered.

Honda, the only Japanese-headquartered member of the Motor Vehicle Manufacturers Association, is increasing its training of American managers so they can assume more duties from Japanese delegates. The Americanization process initiated by Kawamoto, with Soichiro Honda's reluctant blessing before his death at age 84, is sure to accelerate.

GM'S BIG FIX FOR CALIFORNIA: ALL-MAKE DEALERSHIPS

Four-make or all-make General Motors dealerships have been proposed as a remedy for the No. 1 automaker's sagging volume and market penetration in California.

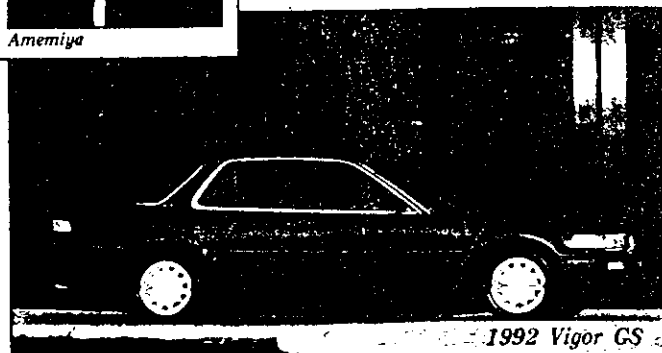
The revolutionary idea was offered by corporate sales and marketing staff last year during GM-wide meetings with key California dealers and ad agency representatives. Focus of the sessions, held in strict secrecy, was to stem a GM sales sag that has reduced GM's share of Golden State new-car sales to the 25 percent level, compared to 35.4 percent nationally in the first 11 months of 1991.

Under the proposal, metro-market dealers willing to invest in additional GM franchises would be offered the opportunity when GM's current sales and service agreements come up for renewal in 1995—or sooner if open points arise among other GM makes in their territories. Smaller-market dealers with one or two makes and limited resources for adding other GM makes would be empowered to provide warranty service for GM makes they do not sell.

As outlined by GM marketing executives to California dealers invited to the meetings, the make consolidation



Amemiya



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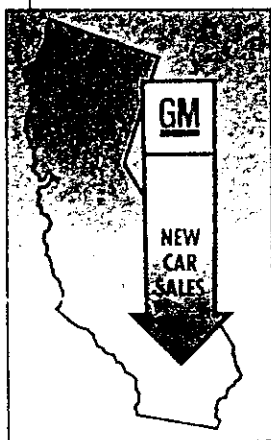
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proposal is designed to give GM dealers more sales and service potential, stem defections to non-GM makes and heighten sales-per-dealer averages. A shakeout of single-make dealers unable or unwilling to commit to a long-range concentration on their GM products also was foreseen.

"I couldn't believe it when they sounded us out on it," said a San Jose Chevrolet-import dealer who declined to be identified, "and I still don't think they'll fly with it. But I wouldn't mind adding Buick or Cadillac if those makes continue to rebound. The trouble is then I

would probably have to add Olds and Pontiac, too, and that might be a bit much."

As set forth by the corporate study group, Cadillac, Saturn and GMC would still be awarded selectively. Saturn officials attended the California



meetings but did not take part in the corporate study, which included representatives of Buick, Cadillac, Chevrolet, GMC, Olds and Pontiac.

GM now has a small number of four-make or five-make points in several remote markets, but none in metropolitan areas. A GM spokesman declined comment on the California sessions, beyond saying that the No. 1 automaker "is constantly reviewing its sales and marketing strategies."

For the corporation, consolidation of dealerships promises vast economies in manpower and support for retail operations. Surviving dealers carrying more GM makes would face fewer same-make competitors, moreover, and enjoy the potential of higher profits per sale.

Chevrolet General Manager Jim Perkins is reportedly a strong advocate of the consolidation concept. Chevy lost about 100 dealers in California in 1990

and 1991 each, despite strong Geo brand sales, and Perkins is said to feel that Chevrolet dealers would benefit in competing against the upscale imports in California if they could repeat the nationwide Geo success by addition of upscale GM lines.

AIADA VOWS TO FIGHT PROTECTIONISM

The AIADA anticipates a sluggish economy and election year politics will inspire new protectionist legislation this year. "We anticipate a tough fight in congress next year over a variety of market-limiting proposals," says Walter Huizenga, president of the AIADA.

Proposals have already been offered in congress to restrict market share of foreign nameplate vehicles, and votes were taken on a bill to raise the tariff on imported sport-utility vehicles. "These proposals are a de facto tax on the American consumer," Huizenga says.

CURBING PROGRAM CAR DEALERSHIPS

A "model" law governing program car (PC) dealerships has finally been enacted in Illinois, first state to pass a statute on the new phenomenon.

Although PC-only dealerships are not banned in Illinois, as was originally proposed, manufacturers are required to show "good cause" for their establishment in any protest action brought by a dealer of the same make in the same relevant market area.

Objecting dealers may claim their sales of factory repurchase vehicles are sufficient for that market area. The amendment to the state's franchise law also outlaws any ban on establishment of a program-car dealership by an existing licensed dealer.

In a separate clause of the amend-

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