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THE COMPLETE AUTOMOTIVE MAGAZINE · MAY 1981

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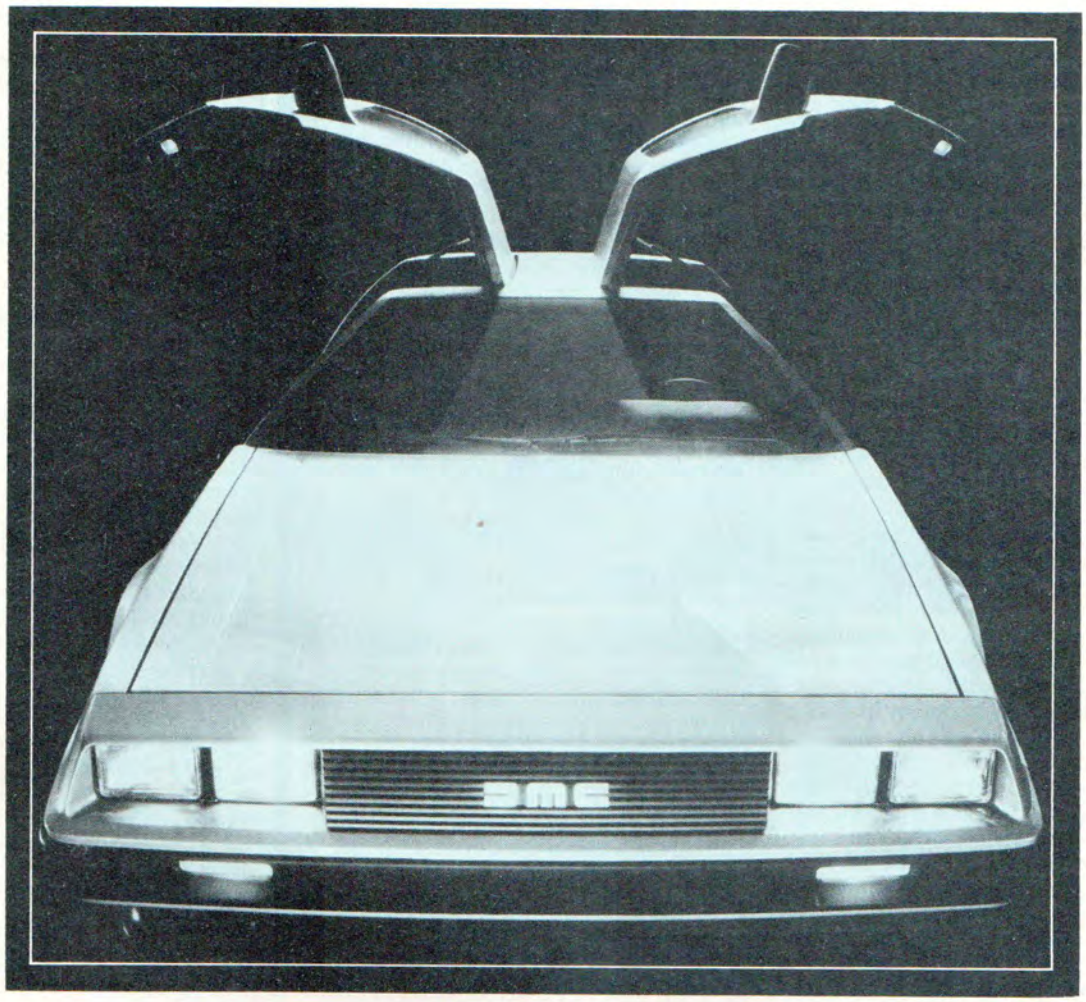


DE LOREAN

The American Dream is alive and fighting for survival in Northern Ireland

by Tony Swan

The chips are down, the waiting is over, and now the game begins. John Zachary De Lorean against the odds. John Zachary De Lorean as the game-but-vulnerable champion of the all-American Horatio Alger ethic. The last stand of the individual entrepreneur in a business world populated by faceless conglomerate giants.

Is it possible that a car has ever been offered to a public more willing to see it succeed? Even the detractors, most of them sitting on the Labour Party benches of the British Parliament, want this venture to cover itself with sales records and glory. There's growling from this group about British tax money financing a luxury car for America, but no one can argue with the creation of jobs—*any* jobs—in Northern Ireland. Guys with jobs are a lot less likely to enroll in their local extremist bomb factory. Which is precisely why De Lorean Motor Cars assembly lines are staffed with Protestants and Catholics in equal numbers. The ecumenical DMC. The bipartisan DMC.

In this exclusive *Motor Trend* presentation we'll be passing along a sneak preview of a car the entire automotive world is watching with bated breath, including a driving impression by one of our British correspondents. We'll follow up with our staff impressions next month, drawn from the upcoming "official" press introduction. Since DMC lives or dies by its performance in the U.S. market, American journalists will be accorded the first "official" test drives.

In the meantime, remember you saw it here first.

PHOTOGRAPHY BY RON EASTON

The Car

As you might expect, the De Lorean people are anxious to have their car recognized as just that: their creation. But if you pull off the stainless steel body panels and look beneath the fiberglass-reinforced sub-body, you'll see something that looks very much like a Lotus Esprit. Which is hardly surprising, since Colin Chapman and his merry men at Hethel, England, were called in to consult on the project and ultimately pulled out a fresh sheet of paper to redraw the chassis.

De Lorean and Chief Engineer Bill Collins (who kissed off 16 years' seniority at Pontiac to help articulate John Z's dream) began with the idea of a really revolutionary car that would employ a plastic composite material throughout, including the chassis. The material is produced by a process known as Elastic Reservoir Molding (ERM) and involves the fabrication of a foam/resin/fiberglass composite sandwich bonded under heat and pressure. ERM is tough stuff and under one name or another enjoys widespread use in boats and aircraft. But there isn't nearly as much of it in the DMC-12 as the original design called for.

Instead there's a backbone chassis that looks as though it could have been sectioned out of a railroad trestle. The backbone forms vees at front and rear, all fairly standard Lotus practice, and the V-6 engine nestles snugly in the rear vee. Like the stainless exterior and the sub-body, this chassis is built to last. Besides its sheer size, it's also treated with fusion-bonded epoxy, to combat corrosion. Performed by Plastic Coating, Ltd., a British firm, this is believed to be the first time such a treatment has been applied to an automotive chassis. De Lorean expects his cars to hold up against corrosion for 25 years, which, if true, ought to make the other guys re-examine their warranty programs.

Suspension is independent all around, with double unequal-length A-arms, coil springs and coaxial shock absorbers up front. Trailing arms with unequal-length parallel control arms, coils and coaxial shocks take care of the rear. The half-shafts, which have U-joints at both ends, aren't suspension members. Steering is rack and pinion and, with the De Lorean's 35/65 rear weight bias, requires no power assistance.

This brings us, more or less, to the engine. De Lorean initially considered using a Ford V-6, and the first running prototype, rolling by October 1976, employed Citroen's 2.2-liter four. But the Peugeot-Renault-Volvo (PRV) 2.8-liter overhead-cam V-6 has been part of the master plan ever since that time, and that's what's gone into production. DMC has added its own special touch to this solidly established powerplant by mating a Volvo top end to the Renault bottom end, which allows the use of Bosch K-Jetronic fuel injection. Buyers will have a choice of either 5-speed manual or 3-speed automatic transmission, both Renault units.

As noted, the sub-body is a fiberglass-resin composite structure, molded in two halves that mate at the car's beltline. The brushed stainless steel exterior panels are bolted—rather than bonded—to the sub-body, to facilitate repairs. De Lorean selected stainless steel—about eight times more expensive than ordinary stamped steel—for its longevity, which was part of his original "ethical car" concept: cars that don't simply dissolve after five or six years. The sleek shape, executed by Giorgetto Giugiaro, rolled out of the Ital Design studios in July 1975 and hasn't really changed much since then, aside from various details. Although the look is on the verge of becoming just a bit dated, it remains slippery (with a Cd of approximately 0.35) and distinctive. The gullwing doors were chosen partly for safety reasons—they are supposedly less prone to jam in a crash—but mostly to lend the car a unique touch. Interior appointments are first class, including glove leather upholstery.

The car, which should have been in the hands of dealers since April, comes to market at about $25,000 per copy, substantially more than the Corvette competitor John Z. originally envisioned. Inflation, advancing at an even greater rate in Britain than here, accounts for part of this, and a 40% resurgence in the strength of British currency over the past three years has also had a major impact.

The Buyers

Who *are* these guys? At $25,000 a pop, the DMC-12 is certainly not targeted for the buyer De Lorean originally envisioned when he was talking about a $12,000 car. It's an upscale number now, competing with the likes of the Porsche 924 Turbo, the 911SC, the Datsun 280ZX Turbo, Jaguar XJS, and, of course, the Corvette, which is now about $8,000 less. Fast company in every sense of the word.

The De Lorean marketing strategy perceives, essentially, two layers of buyers for its product. First will be the jet-set trendies who will pop for damn near anything so long as it's new, chic and unique, and the DMC-12 grades out well on all these criteria. These buyers are known as "high mobiles" in the advertising community, and a good many of them already have DMC-12s on order. Once this group has been satiated, though, the car will be fighting for its share of market on common ground with some of the makes mentioned above. As you'd expect, it will get down to the doctors, lawyers and other professionals who make up the vast majority of this market.

Two factors—besides the car's unique

DRIVING IMPRESSION EUROPE

No matter what you've driven before, this new De Lorean is something quite different. The nearest similarity, perhaps, is the mid-engined Lotus Esprit, but in the De Lorean you have almost all of the V-6 engine behind the rear wheels, and only 35% of the car's total weight is at the front.

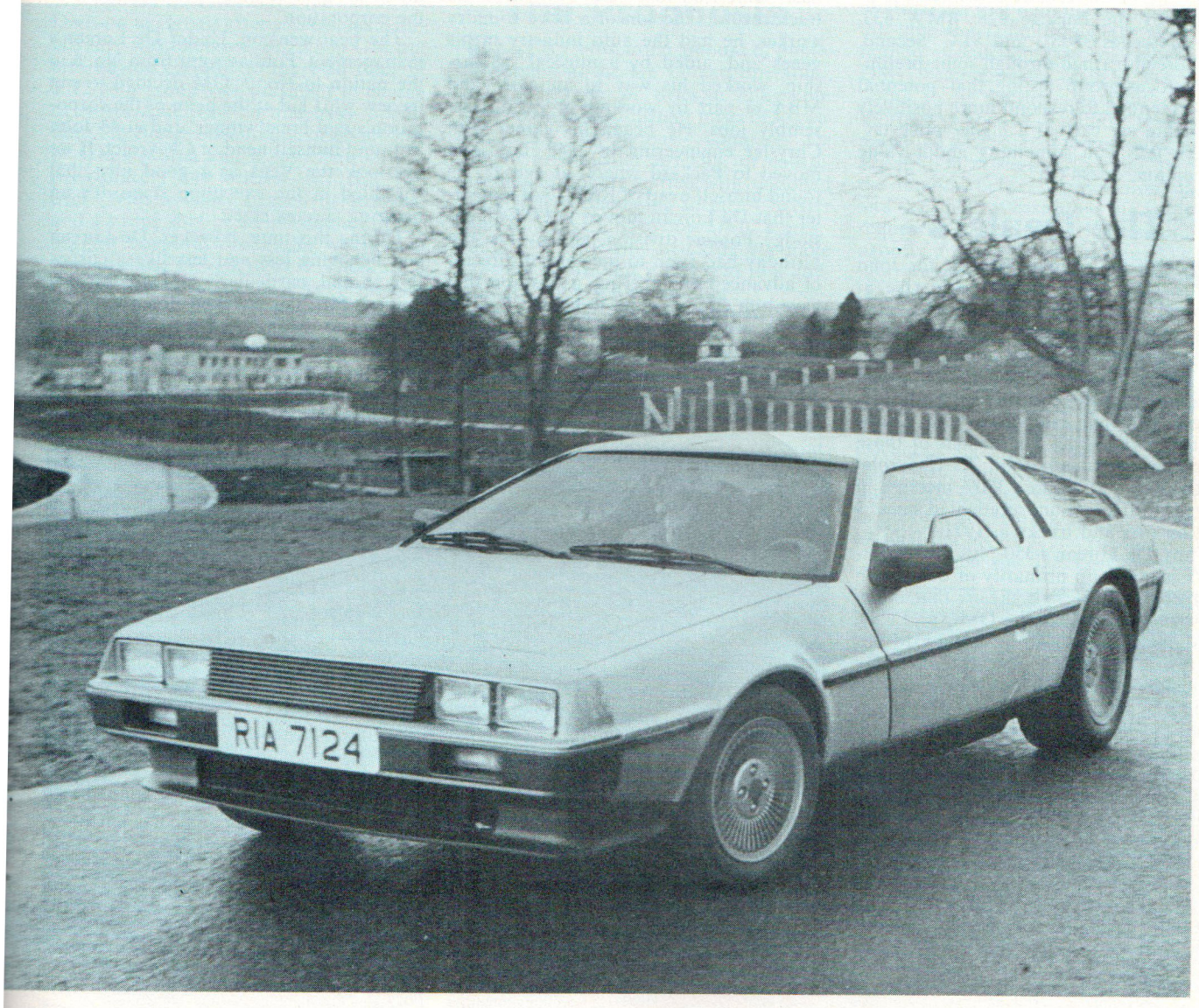
But if that leads you to expect this elegant new 2-seater to be full of treacherous oversteer, have no fear. Lotus, who took a big hand in the development work, know a thing or two about making cars handle, and that knowledge shows up the first time you take the new car into a corner. You approach as fast as you dare, but with a little trepidation—waiting for all that rear-end mass to assert itself in some sinister way—but the car reassures you straight away. The back end doesn't want to be first round the corner after all; instead, the De Lorean goes through with a light, neutral feeling. The chief sensations are quick steering response and very low effort without any power assistance, thanks to the weight bias. De Lorean has neutralised oversteer in part by employing extra-wide rubber at the rear of the car. The tyres are Goodyear NCTs, 195/60 at the front, 235/60 at the rear, and combined with the car's squat profile—it stands just 45.75 inches high—help to provide a sure-footed feeling.

About the only ongoing reminder that the engine is behind you, in fact, is the rather restricted back view over the somewhat high tail, and the Porsche-like impression of engine noise trying—but never quite succeeding—to catch up.

Visibility is never going to rate as one of the De Lorean's best features. Even though the production cars have glass in the rear quarters (the first Giugiaro mockup came out with solid panels), the view is limited. But this hardly seems to matter when you settle down into the supple leather seat. It feels almost as though you're sitting on a cushion placed on the road, it's that low, particularly when you reach up to pull down that impressive-looking gullwing door, which is almost out of reach. The De Lorean is wide and spacious inside and out—73 inches wide overall—and the head room reflects the 6-foot-4 dimensions of the car's creator.

There's plenty of power to go with the sleek exterior. Even in full U.S. exhaust emission trim, the Renault V-6 with Volvo cylinder heads and Bosch fuel injection packs plenty of torque. Although there was no opportunity to run the new car against the stopwatches, De Lorean are talking about 0-60 in 8 seconds, and this seems quite a reasonable expectation. The 5-speed gearbox has short throws, and the ratios are well-spaced with low-rpm cruising available in 5th gear. De

Driving the DMC-12: a preview impression



Lorean project a top speed somewhere around 130 mph, and there should be plenty of power available for the wind-cheating shape to get up to this speed readily enough. And thanks to having most of the weight over the driving wheels, the De Lorean accelerates smartly off the line, even on slippery surfaces. Come what may, it's unlikely that this car will spin its wheels.

Brakes are discs all round, and again there's an advantage in having that tail-mounted engine: It can take heavy braking on slippery surfaces without locking the wheels. The Goodyear tyres help in this respect, as well. Solid discs are employed, and these are considered adequate for fade-resistant braking. Pedal response is gratifying, and pedal effort is moderate.

Thanks to its separate backbone chassis and independent coil spring suspension all round, the De Lorean rides well and is firm without being harsh. The combined Lotus/De Lorean engineering effort has been to make the car a comfortable grand touring machine, rather than an uncompromising sports car.

It should also prove to be an economical car, thanks to its fairly tall gearing, efficient engine and slippery body shape. De Lorean are predicting U.S. EPA ratings of 23 mpg city and 32 highway.

Inside, the trim is spare but of high quality, reminiscent in some ways of the Porsche approach. The seats are well shaped and snug, and the instruments are small but neatly arranged in the fascia cowling with a good sight line through the steering wheel. A small luggage compartment is at the front, and the spare wheel is housed in a well on the right-hand side of the compartment. It is, of course, a spacesaver wheel, for emergency use only.

The fuel tank also rides at the front of the chassis, well protected by the vee formed by the frame members. It is moulded in high-impact plastic, like the Porsche 928 tank, and it will hold 16 U.S. gallons.

All things considered, the De Lorean has a lot in its favour. The appearance is striking. It's very sporty and rewarding to drive, yet comfortable and relaxing for long journeys. And on top of this it should last forever and a fortnight. Everything has been well thought out, well put together, and the car certainly doesn't lack for enterprise and originality.

Based on this one quick visit, it looks like De Lorean have a winner here. A new car that for once is really new.

character and high quality—augur well for this competition. First, the DMC-12 may be heavy bread compared to a Corvette, but it's a bargain compared to the other end of this spectrum, which is populated by the Porsche 928, BMW 633, and Mercedes 380SL and SLC. Second, De Lorean learned through some preliminary focus-group testing that potential buyers tended to respond more positively when the car carried a *higher* price tag. Which tells you something about value perception, doesn't it?

The Dealers

One of the primary reasons for John Z. De Lorean's meteoric rise at General Motors was his unprecedented rapport with the dealers. This was particularly evident during his management of the mammoth Chevrolet Division, when he spent months conducting no-holds-barred personal interviews with Chevy dealers nationwide. The lessons of those interviews went into John Z's Chevrolet battle plan that led to a 300% increase in Chevy profits and unprecedented sales: 3 million cars and trucks in 1971.

Thus, De Lorean's 350-plus dealer network is made up primarily of duals with GM dealerships. This means that many showrooms will have the DMC and Corvette displayed side by side, but GM has so far avoided any official anti-De Lorean pressure with its dealers. Call it an uneasy truce.

All the dealerships are dual with one manufacturer or another, and each of them has a stake in the prosperity of DMC. The get-in was far from cheap. To qualify, each dealer was required to sign up for at least $25,000 in De Lorean stock plus 50-150 cars. But despite various delays and cash-flow hiccups, most of the dealers remain very excited about the car and extremely confident in De Lorean's ability to bring it successfully to market.

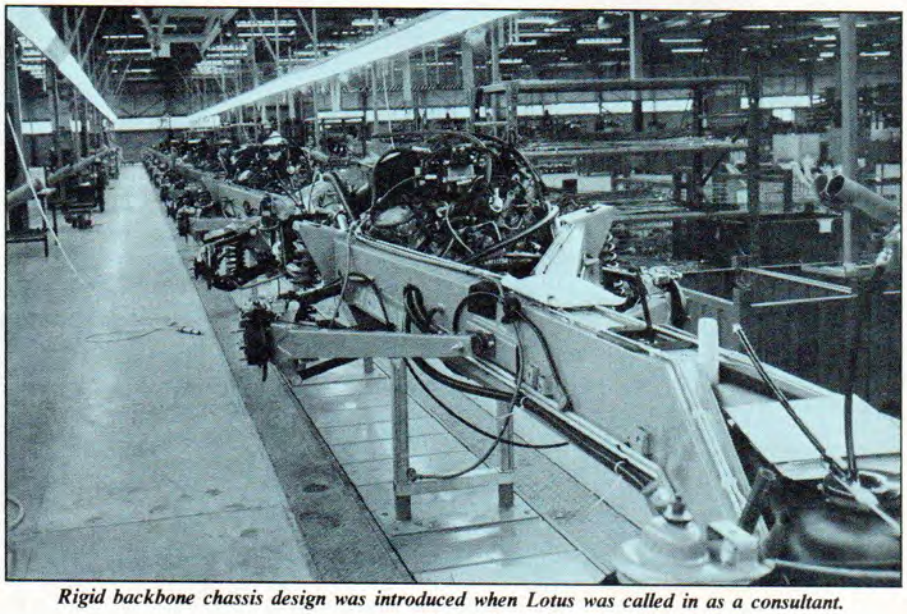
The Man

At 56 years of age, John Z. De Lorean is well on his way to becoming your basic American folk hero. Just check the track record. The son of a Ford foundry worker, he had the auto industry in his genes and, aided by a musical scholarship, worked his way to an M.A. and MBA in part by working at various assembly jobs. He began his career with Chrysler engineering in 1948, but soon moved to Packard where, at age 27, he found himself head of R&D. Not long after that De Lorean moved to GM's then-stodgy Pontiac division, and by his 31st birthday had risen to the role of director of advanced engineering, a position that gave him enough clout to launch Pontiac on its musclecar era, with its big-inch Bonnevilles and GTOs. The GTO inspired buyers just as much as it did the Beach Boys. The first year's (1964) model run sold out, and then its sales tripled.

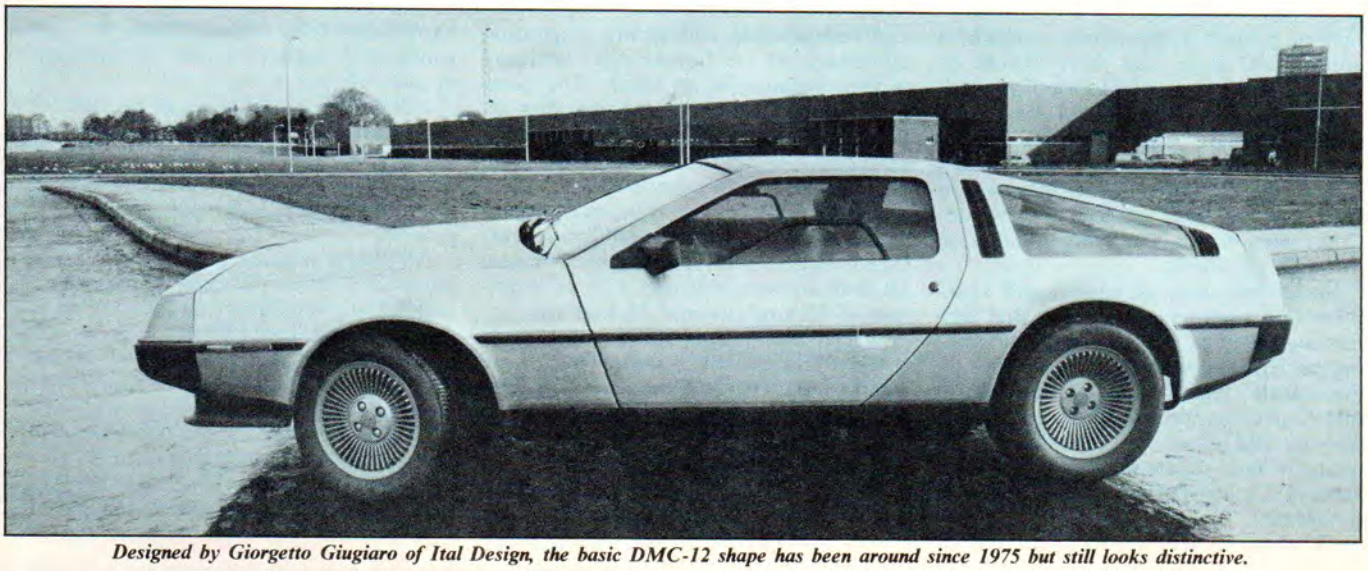
De Lorean was scoring in the category most visible to GM top management: the hallowed bottom line. By 1965 he was manager of his division, the youngest man—40—ever to hold such a position in the corporation.

The beat went on. Under De Lorean's management, Pontiac went from No. 6 in the nation to No. 3. GM decided to put its new whiz kid at the helm of the corporation's real breadwinner, and at 44 John Z. found himself head of Chevrolet. If we overlook the Vega as a good idea that stumbled in the execution stage, it's an amazing success story.

During this time, however, De Lorean was behaving less and less like a corporate animal, particularly a GM corporate animal. His hair sneaked down over his collar; he began sporting gold neck chains; and, without putting too fine a point on it, it's fair to say that grey three-piece pinstripes no longer dominated his wardrobe. He developed a taste for being



Rigid backbone chassis design was introduced when Lotus was called in as a consultant.



Designed by Giorgetto Giugiaro of Ital Design, the basic DMC-12 shape has been around since 1975 but still looks distinctive.

seen with movie stars—Ursula Andress, Candice Bergen, Nancy Sinatra—and the whole act provoked rancor among the buttoned-up denizens of GM's 14th floor.

While De Lorean steered the Chevrolet Division to success after success, his flamboyance was tolerated. But when GM put him on the elevator to the 14th floor in 1972 as a group vice president in charge of North American car and truck operations—in charge, essentially, of about 85% of GM's profits and a cash flow of approximately $40 billion—the fun was over. With a salary pegged at $650,000 and a strong shot at the presidency of the biggest corporation in the world, De Lorean chose to walk in 1973. There were rumors that he might have been invited, very privately, to do so, but it's more fun to believe that he was simply bored with it all and rejected the anonymity that goes with real power at GM.

Yet another John Z. De Lorean emerged. De Lorean the fund-raiser. De Lorean the financier of dreams. Self-taught. It all came back to his awesome GM credentials and his special relationship with the dealers. After learning a few painful lessons and tying up a reported $4 million of his own, De Lorean came up with the dealer investment plan that gave him enough seed money—reportedly $20 million—to convince British government officials that De Lorean Motor Cars was a serious and viable enterprise.

So now, his playboy image long since traded for very sincere navy three-piece ensembles, he stands at the threshhold of a special niche in autodom. Although the stakes are small by GM standards, the opportunity is unique: an opportunity to carve his name indelibly on the same plaque with men like Ettore Bugatti, Louis Renault, Dr. Ferdinand Porsche and C.S. Rolls. How can we fail to respond to a man who seeks that kind of immortality? Go John Z!

The Prognosis

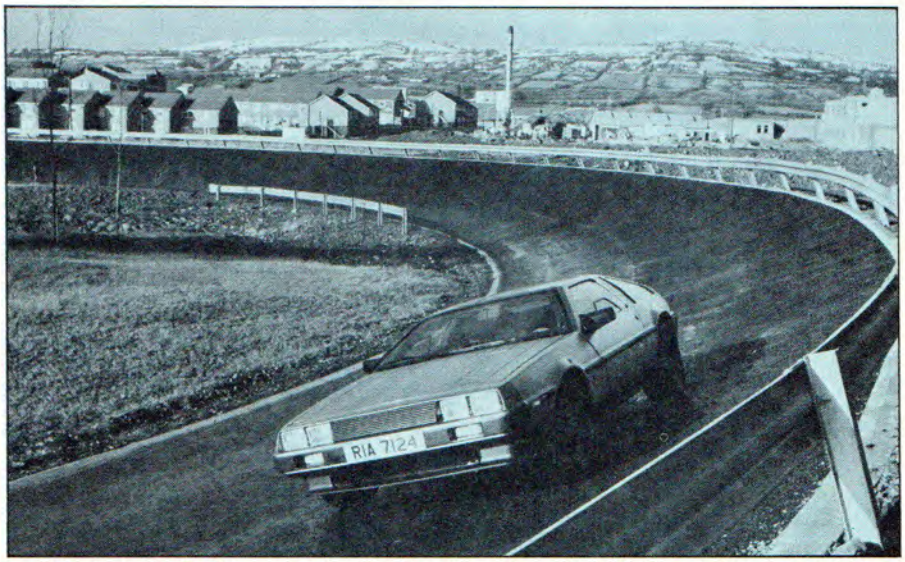
There is a substantial amount of public money in the De Lorean operation, and the specter of Bricklin hangs out there in the not-so-distant mists of uncertainty. No one seriously compares De Lorean to Malcolm Bricklin, of course. DMC is throughly staffed with seasoned professionals, including former Chrysler chief Eugene Cafiero, now DMC's president. But still, the Bricklin *did* have gullwing doors, and it *was* sold to a government hungry for jobs, and . . .

Here are the facts. De Lorean Motor Cars Ltd. is now in production, tuning up to a rate of about 80 cars per day by June. That rate would result in a 1981 total production somewhere in the neighborhood of 20,000 cars, virtually all of them destined for the U.S., most of them pre-sold.

Located in the Belfast suburb of Dunmurry, the De Lorean plant made the transition from peat bog to producing factory in just 28 months, a remarkable achievement in itself. Given the financial climate of the times, it also scores as a very wise achievement; every day of nonproduction eats into the startup bankroll, and the delays resulting from the chassis redesign led to a tight moment just about the time the Dunmurry plant went into limited production last December. The DMC bean-counters realized they were going to be facing a temporary cash shortage of about $18 million. De Lorean asked the government to guarantee about $23 million in short-term notes, to cover the interval between production startup and the onset of cash flow. He made this request at a time when he was simultaneously arguing that a previous $32 million, forked over last August, should be recognized as a development grant rather than a loan.

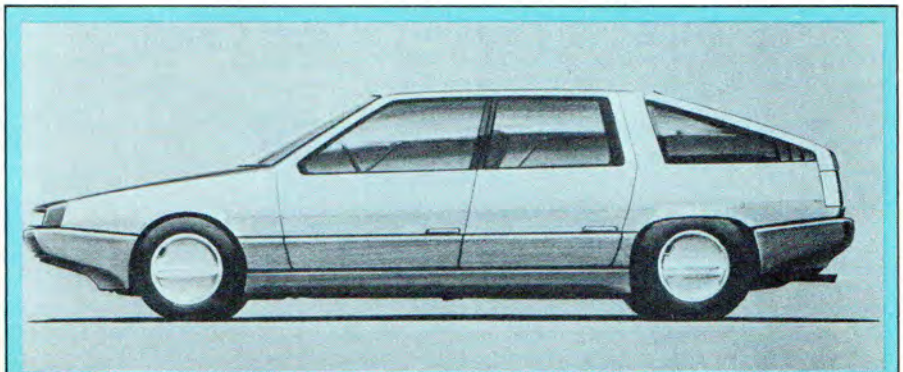
In all, the British government, operating through the Northern Ireland Development Agency (NIDA), has about $170 million in De Lorean. Someone from the British Loyal Opposition sat down with a calculator and figured out that the 2,000 jobs DMC would provide when producing 30,000 cars per year cost the British taxpayers something on the order of $80,000 per job.

Thus when the De Lorean financial



At large on the De Lorean test track at Dunmurry. Score the initial impressions as promising.

Assembly line in De Lorean plant is designed to keep workers from having to make overhead reaches.



Next in the pipeline: the De Lorean 4-door. Although the production model may differ somewhat, this preliminary Giugiaro sketch is said to be generally accurate. Car will use the 2-seater platform and feature gullwing doors.

DMC

men forecast the cash shortfall at a mere $1.7 million in mid-December, then revised that estimate several times to a deficit of $18.6 million one month later, things began to get a little tense. There was a suggestion from NIDA that the De Lorean officers had been "less than frank" with the government, which De Lorean angrily dismissed as "a scurrilous insinuation."

However, preproduction financial jitters are to be expected, and the basic premise for hope in the situation is that NIDA is now prepared to stick it out until the cars have had a chance to prove themselves in the marketplace. Governments don't make very good gamblers; it's hard to get them to step up to the table. But once in the game they make great backers, because it's harder still to get them to step away after they've started to lose heavily. De Lorean seduced the public finance people even further when he offered to move into the nearby abandoned Grundig plant, promising to convert it into a DMC R&D facility—provided he had another $16 million development grant. There's also a 4-door De Lorean in the advanced drawing board stage, as well as other projects, including a bus.

The ecumenical work force that DMC draws upon has zero automotive experience, although the recruiters have turned up a number of semi-skilled hands from the area's all-but-dead shipbuilding industry. But what they lack in skill the new employees make up for in enthusiasm: The absentee rate at Dunmurry so far is an exemplary 1.2%—this from an area that has suffered through four generations of chronic unemployment. Couple this with the low cost of labor, about one-third of current UAW averages, plus the desperate political need for employment, and you have a situation tailormade for a new company that needs plenty of understanding from its patrons.

This is probably the only place on earth where De Lorean, credentials and all, could have possibly had his shot at becoming the first American in 56 years to start a successful car company. (Walter Chrysler did it in 1925, and most historians discount Henry Kaiser's 10-year postwar run.)

De Lorean is confidently predicting that he'll be operationally in the black by the end of the year. This includes paying a $425-per-unit royalty to NIDA through the first 90,000 units and $103 per unit thereafter. NIDA isn't quite so optimistic but feels collectively committed at this point to back its bets to the limit.

We won't know until sometime next year what that limit may be. That's when the new will be worn off the product and De Lorean will be into its second layer of marketing—the real De Lorean market, so to speak, one that will have to absorb at least 20,000 cars per year to make it all work. In the interim, we can only wish them well. MT