

# NAMAD.

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years. Despite this disappointing hurdle, Johnson made the dealership work. In the first three years he realized net profits before taxes of \$20,550 in 1968, \$66,400 in 1969 and \$142,405 in 1970.

Johnson believes that he made a success of the dealership because he asked for—and received—a lot of help. An executive in GM's finance division, Motors Holding, suggested that he contact other GM dealers in the area to solicit help. The Black dealer found dealers who boasted considerable success in specific areas of the business such as sales, service, accounting, etc. Johnson says these dealers "heard my cry and came to my rescue."

Johnson insisted that to expect inexperienced Blacks to come into the business and succeed was "asking too much." An offshoot of his tenacity was the development of a minorities training program whose concept and formulation Johnson credits to a friend and educator Jerome Williams. Yet, it was Dr. Sullivan's close association with James Roach which pulled it all together. Both Sullivan and Roach were on the Board of Directors of General Motors where Roach served as chairman and chief executive officer (CEO).

## The Struggle To Normalize:

**R**ICHARD HARRIS, one of the originators of GM's minority dealership program, recalls that "The company decided that a viable indication of GM's sincerity in minority economic development would be supported by the initiation of a program to establish a substantial number of Black-owned and other minority-owned GM dealerships." With Dr. Sullivan's urgings, the program officially started in June 1972.

By 1969, there were 24 Black new car dealerships in the United States. These dealers were selling every American-made car except Buick and Cadillac. (Even today, there are a very few Black dealerships granted by Japanese and European auto makers. Further, buying imported cars simply exports more jobs away from the Black community.)

In the early drive for an increased number of minority car dealers, all of the top automobile manufacturers—Chrysler, Ford and General Motors—made the same miscalculation. They assumed that all they had to do was put a Black dealer in a Black neighborhood and wait for profits to roll in. The problem of location of Black dealerships has plagued the business from the outset. Black dealers like former baseball stars Ernie Banks in Chicago and Lou Brock in East St. Louis failed, in part, because of the prohibitive cost of operating



(From left) Joe McLaughlin, McLaughlin Oldsmobile Inc.; Jesse Jones, Northwestern Dodge Inc.; Jim Woodruff, Woodruff Oldsmobile Inc.; and James Bradley; Jim Bradley Pontiac-Cadillac-GMC.



(From left) James Bradley, Jim Bradley Pontiac-Cadillac-GMC; Mel Farr, Mel Farr Ford Inc.; Richard B. Harris, Dick Harris Cadillac Inc.; and Porterfield Wilson, Porterfield Wilson Pontiac-GMC Inc.

a franchise in high crime areas.

Inner-city dealerships ran the risk of failure because they were too expensive to run. Steep overhead costs in the form of rent and insurance gutted profits and left the owners teetering on the brink of bankruptcy. Added to this, banks considered many businesses in the Black communities poor credit risks. These were the same reasons why White owners of dealerships relocated to suburban or peripheral neighborhoods.

Al Dunmore, urban affairs director at Chrysler, explained:

We mistakenly thought that all it took to run a successful business in a black neighborhood was a black dealer. But we found that many black customers expect cheaper prices and better services of black dealers than they do of whites. We also discovered that black dealers need access to middle-income customers of both races to make a go of their businesses—just as white dealers do.

In 1971, Chrysler had 5,744 new car dealers. Only 8 of these dealers were Black. The Ford Motor Company also had 8 Black dealers among its 6,500 dealerships. Of GM's 13,600 dealers only 13 were Black.

In March 1971, Chrysler closed its first Black dealership—Ed Davis Chrysler-Plymouth. Despite the fact that Davis had spent more than \$600,000 to refurbish his sales and service departments, Chrysler decided that there was little potential for Davis to make it.

Although Chrysler was in the process of abandoning the concept of manufacturer-owned dealerships, the company agreed to put up the money Davis needed for renovations in exchange for his equity in the business. When the company decided to terminate the dealership, the nation's first Black new car dealer closed his doors.

While many Black new car dealers were close to bankruptcy, Al Johnson had sold his Oldsmobile franchise to become the nation's first Black Cadillac dealer. He also

became the first Black dealer to completely pay off the loan from Motors Holding in a record nine months.

Everyone wanted to know why so many Black dealers were going out of business. They decided to ask Al Johnson, who seemed to have at least some of the answers:

I told them that we had fallen heir to historically unprofitable dealerships, without knowing it beforehand, that just because you are a black man in a black community, it doesn't mean that you will be instantly successful, and that a major factor was that we didn't understand the business—how it should be run.

1973, a record sales year, was followed by a two-year slump which was precipitated by the Arab oil embargo and worsened by unemployment and economic recession. Full recovery did not begin until 1975. A brisk upturn in business in 1976 saw Black dealers expanding their work forces. Things were beginning to look up and many Black dealers looked forward to the day when they could start using some of their profits in a community-building way. Chrysler, Ford and General Motors began a more intensive search for more minority new car dealers. This search resulted in the appearance of a new crop of Black dealers on the scene.

## The Auto Depression:

**B**UT all was not coming up roses. In 1978, the Ford Motor Company was criticized by officials of the predominantly Black city of Compton, California for the company's refusal to place a Ford dealership in its new Alameda Auto Plaza. The plaza had been built at a cost in excess of \$21 million to boost the city's failing economy, to provide more jobs and to attract new businesses. Black Mayor Lionel S. Cade accused Ford of "abandoning the Black community, when Dick Walker's Ford dealership was closed.

The three-year selling spree had turned quick prosperity into sudden nightmare. The worst and longest sales slump in the history of the automobile industry crippled American manufacturers and forced nearly 4,000 dealers out of business.

Between 1978 and 1981, American-made car sales dropped 30 percent. Chrysler joined Ford and General Motors in posting losses of more than \$1 billion. American Motors, the smallest American-based manufacturer, posted losses of near-

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