

MONDAY MORNING MEETING MINUTES (continued from last issue)

March 18, 1963

ENGINEERING 1. 1963 Model Mr. Hardig showed the group the two new spring colors that were approved Friday: light green and beige. He estimates it will be three weeks before the paint is available.

SALES

5. R1 and R2 Engines

Some shipments have been made without the fender identification plates. Sales will write a letter to the dealers offering the ID plates to them, asking them to list the cars they bought with R1 and R2 engines. As we receive replies, we will mail the dealers 2 plates per car, with instructions as to how to install them. The price letter is ready to go out. This has been held up because Sales doesn't have a firm date on when the radius rods and stabilizer bar will be available for production. Dr. Lamberti told Mr. Detzler it would be the latter part of March or the first week of April and asked that the dealers be notified so they would send in orders. Mr. Detzler replied that advertising posters went out Friday. Sales will give production control a forecast.

2. Flange Axle

With the schedule being finalized at a total of 66,155, Mr. Soelch asked where the flange axle fits in; that is, will we start with the '64 or will it be a running change. Dr. Lamberti remarked that Mr. Minkel had said he didn't mind it being a running change; however, Dr. Lamberti wondered about putting it into one model from the beginning in order to be in a position to capitalize on the advertising value of the engineering improvement. (Mr. Soelch will get a breakdown of the axles we have on hand.)

March 25, 1963

SALES

4. High Performance Package

When Mr. Whitmer asked if this carries over into the '64 model, Mr. Detzler told him it does. Dr. Lamberti asked when we could expect some linesets on them, and Mr. Detzler answered that there will be 30 for the zones real quick - 2 for each zone office, a Hawk and a 2-door Regal Lark. Comments concerning the choice of body style follows: a. The people who spend that much money for the package will step up to a higher-priced model, and they might prefer a Daytona: they should have a Daytona to show the people. The F4 and F6 are cheap standard cars, and the people may not want them. (The kids want a Monza-type.) b. We want to keep the price tag down for advertising purposes. c. The F6 rides real nice, and we're well over the Monza price; even with the Regal.

ENGINEERING

8. R3 Engine

Accounting has some tentative costs on the R3 engine; it is a little high. (Mr. Egbert wants to be in on the pricing.) Mr. Rickus will run it through the normal system and we will have to determine what the Company will absorb. It costs between \$1,100 and \$1,400; and with normal markup, we would be in the \$2,000 range. Competition prices run about \$500-\$750, and Messrs. Granatelli and Dredge feel we should price the R3 at \$750 to stay with competition. Out of pocket is \$1,400. To cut it in half, we would be absorbing \$75,000. Mr. Egbert wants to know if advertising or promotional material has been prepared and who it will go to (who are the customers).

Deliveries will probably be late in April. Mr. Granatelli has machined one, which should be in here in the next couple of weeks; but the first 25 production units will probably be in here late in April. Mr. Soelch will talk to Paxton about the tooling for the exhaust manifold because it hasn't been placed yet.

Mr. Challinor is concerned about service for the new engine. He noted that training people for that many cars would be costly, but the engine has to be right or it will be ruined. He said he doesn't have personnel; we will have to hire them or get a racing organization to handle it. We have to have someone with racing knowledge to work with us the way competition has.

Mr. Dredge commented that everyone talks about a racing program, but there is no racing program. It will take changes—a lot more than changing the front end—for these cars to be racing cars, even for drag racing. They are high-performance, boulevard automobiles.

Mr. Dredge observed that on advertising and sales promotion, we are in a peculiar position. Supposedly, this engine has been in existence for the past year, so if we ballyhoo that it has now arrived.

Mr. Hardig is working on a suspension with a different roll center, and we're working on heavier components which, when it is finished, we plan to release it as a racing suspension. Mr. Hardig and Mr. Dredge agreed that anyone who goes into a race knows what it takes for a racing car. When anyone enters a race, they have to meet particular specifications or the judges won't let them enter the car. (Mr. Hardig hopes to have the suspension complete for one car by the middle of May.)

LEGAL

Speed Advertising

Mr. Feuer reported that he disapproved a recent ad showing 132 mph for the Lark and 140 mph for the Hawk because they are advertising raw speed, and he feels the public would attempt to develop these speeds. He pointed out that this type of advertising is undesirable from a legal standpoint because if there were an accident, the lawyer could say the advertised speeds were relied upon. The industry is going to durability and performance, and Mr. Feuer thinks we should use a little more finesse in our advertising. He noted it would also be desirable to have stickers in the cars saying they should not be raced without certain other equipment, as we do with the Avanti. (Mr. Detzler told him these stickers are on all cars that have these engines.)