

BUILDING A CAR FOR EXPORT

and getting it to its first owner

Over the decades that I've had access to the internet with various car forums and email lists, I've noticed that some people sometimes submit posts about the former British car industry that can best politely be described as 'complete piffle'.

Mostly, such posts are submitted by individuals who patently have no actual knowledge of what actually happened surrounding the way things were done, or they *think* they know and commit those thoughts to print with the result that those who read these submissions are seriously misled and those statements become 'credible lore'.

I've seen posts maintaining the floors in the main car assembly building at Jaguar were little more than well-trodden earth, that Standard-Triumph built cars 'with bits that just happened to be available at the time', the Rootes Group Sunbeam Alpine was a marketing disaster and that the MG factory at Abingdon was mostly made of canvas with either no walls at all and bodies were often hand-painted!

There's only one answer to these statements – and it's usually unprintable! On odd occasions I've even responded to them in a less than courteous manner that has done little to help my blood pressure but has hopefully put the person making such allegations back where they belong.

On a more positive note and addressing a wider – and likely more interested readership who truly are wanting to know how we did things, this treatise is aimed at those who do have a genuine interest in procedures and processes of fifty and more years ago.

Let's make a start with the Coventry factories where companies like Jaguar, Rootes Group and Standard-Triumph were based, with Longbridge near Birmingham doing Austin (in various forms), Oxford doing Morris (in various forms) and Abingdon near Oxford, the home of MG.

When it came to servicing export markets, all those companies operated in the same way even though as individual entities, their internal processes may have varied a little. The variances weren't all that significant but it meant that if you wanted a career in the motor industry, you could move from place to place in the sure knowledge that the ways things were done would not be significantly variable.

In terms of exports, British vehicle manufacturers collectively all operated only with national importers appointed by their parent companies and those same importers appointed area dealers who in turn sold finished cars to retail customers. In that hierarchy, the manufacturing companies dealt only and exclusively with their national importers and in instances where there was no national importer or a dealer network, the factory would exceptionally deal direct with the retail customer.

That in itself was another story for maybe another time.

For North America, which for most companies was the most significant market, Standard-Triumph had a number of importers, usually located conveniently close to a major port. My memory is now much dimmed as to who those importers were in those post war years but two names that spring to mind are Cal Sales in California, run by a somewhat dynamic lady called Dorothy Dean. Then, on the east coast there was Genser-Forman, with another (whose name I forget) was based somewhere in Texas and at a later date, a wholly owned company in Leonia, New Jersey known as Standard-Triumph (North America). North of the border was Standard-Triumph (Canada) in Toronto. These last two

organisations had the area distributors reporting to them and this helped to ease the distributor linkages with the factory in Coventry. Up to 31st December 1967, both Canada and the States were able to import all of the cars offered by Standard-Triumph but principally the sports cars were the only models that sold in any meaningful volume. The Herald was limited to saloon and convertible variants while the larger 2000 saloon was significantly more expensive than offerings from Detroit. Finally, Stag, originally designed to compete with Daimler-Benz convertibles on the North American market, only lasted a little over two years with arguably less than a thousand cars sold into its target markets of Canada and the USA. It too was too costly at retail and while it was aimed at the typical customer who still hankered after sports car wind-in-the-hair motoring, it didn't really tick the box. Again, Detroit offered a larger and cheaper alternative in the Mustang and others of that ilk and the Stag undeniably lacked the cachet of the Daimler-Benz image. The other reason it failed to sell was that the car suffered from cooling issues, warped cylinder heads and other more minor problems. But while North America rejected Stag, it sold relatively well in the UK and Europe – and particularly when its teething troubles were sorted in the Mark 2 version. Remarkably, significant numbers of Stag can still be seen on our roads in the summer.

So, against that backdrop, how did we handle incoming orders to build cars and get them to the eventual customer? Critically too, how did we get paid for them and, more importantly, why is it that some owners today still speculate on the time gap between the car build date shown on BMIHT Heritage Certificates and the date on the original title?

Simple answer. Letter of Credit.

So what's a Letter of Credit?

It's what many broadly understand as a payment "in escrow" but it has a myriad of terms and conditions. If a buyer in one country wants to buy a commodity manufactured in another country, there are a number of 'assurances and requirements' between buyer and seller.

The buyer will have to arrange payment in a foreign currency but he'll want the assurance the seller won't run off with the money before the goods are effectively supplied.

The seller on the other hand, will require payment in his local currency to meet his own costs and understandably won't be willing to make the goods unless he has a copper-bottomed guarantee he'll be paid for the goods 'in a timely manner'.

This is where the banks come on the scene but before that happens, buyer and seller need to establish broad payment parameters.

To do this, the buyer, say Genser-Forman, sends **Order No. 123456** to Standard-Triumph in Coventry (either directly or via the company's own local selling affiliates) for the following goods:

100 Triumph TR6 cars. Colours, interior trim & other line fitted extras are specified

75 Triumph GT6 cars. Ditto

175 Triumph Spitfire cars. Ditto

A **consignment of replacement parts** described by part number, description and item quantity.

In response, the factory responds by preparing what is known as a **Pro-Forma invoice** confirming the costs in British Pounds Sterling for these vehicles and parts to be delivered to a UK port for onward shipment. This is what is known as the F.O.B. price, an Inco term

meaning essentially 'total cost to you to the port of loading'. Some importers request the additional charges for freight and marine insurance and some don't. The Pro-Forma will also state the validity of the prices quoted and this is usually for a period of ninety days from Pro-Forma issue date. Let us say in this instance the total order value for the cars and parts is GBP£300,000 In other words, *"you send us payment notification asap and we'll ship those goods to you when a leading British bank tells us it has received your money in principle"*.

The onus is now on the buyer to sort out payment as quickly as possible, *"so do we go ahead and build the cars we know this importer requires?"*

*"Not on your ruddy life, mate! We wait until we **know** we've got proof positive we'll be paid for the cars and parts"*.

The buyer, let us say, is a customer of Bank of America who have strong established ties to all UK banks with whom it will be working. The buyer and the Bank of America then put their heads together to work out what £300,000 means in US dollars and this is where we enter the veritable minefield of currency exchange rates. This is a massive subject in its own right which I won't deal with here, but it's so easy to get things wrong and either buyer or seller can either make a stonking profit on an exchange rate variation or lose their financial shirts – and when you're talking 'large sums' of money it can be like playing Russian Roulette in which the loaded revolver pointed at your head is the Pound/Dollar exchange rate.

In the decades between 1950 and 2006, the UK finally managed to pay off its World War Two debt to the United States and during that period, the exchange rate variances between the Pound Sterling and the US dollar had more changes than most people had enjoyed of lifetime of hot dinners!

However, by and by, Genser-Forman commit to an investment of 'x' hundred thousand US dollars for Order No. 123456 and the Bank of America in the States opens a **Confirmed Irrevocable Letter of Credit** (C/LC or L/C for short) with the Head Office of Barclays Bank in London - and the London bank in turn notifies Standard-Triumph it has access to the funds to meet this order. The L/C states it is valid for a period of ninety days from the date of issue and it can be 'drawn down' (read paid out) when Standard-Triumph presents a complete set of invoices and shipping documents to the bank in London. It also makes clear that payment will only occur if the order is fulfilled IN FULL as there is no option for 'partial shipments'. It's all or nothing – and to this day, those terms often still apply.

An important note to remember is the Pro-Forma invoice was also valid for ninety days from its date of issue BUT the L/C is not valid from the issue date of the pro-forma. Yes, both are valid for ninety days – but the dates aren't the same. Never mind – okay it's taken Genser-Forman thirty days of that ninety day pro-forma period to sort out the finance, *"so lads, we've got sixty days maximum to fulfil the order and get it on its way. That's going to make things a bit tight and any number of our suppliers might impose component price increases on us, so we'll have to bite the bullet on that one and hope we don't lose our shirts in the process"*.

At the factory, the Export Sales Dept now having proof the money is on the table, raises the necessary indents on Production Control to build the cars and the parts warehouse starts the parts order picking process and gets the parts to Coventry Motor Packing to put them in crates and hold those crates until a truck calls to take them to the docks. That's the easy bit

The clock is ticking. We know the L/C is valid for ninety days but we've got other orders from other places for cars and parts and because of that it'll take another sixty odd days before the cars actually start to go down the line. So ninety days validity on the L/C and sixty of those days taken up waiting for the cars to start to appear, means we've only got thirty remaining days to build the cars and get them shipped. *Okay, we ought to be able to do that.*

At a point into that thirty day 'build-the-cars-and-get-them-to-the-docks' period, there's a spot of bother on the Pre-Mount track in the factory. Pre-Mount is where the fully painted body starts to receive its wiring loom, lights, switches, seats and door cards. A man is watching what's going on with two people on the track and he's not happy at what he sees. He's a union man, an advocate of Lenin and Trotsky and he notes the two men in question are doing something they're not paid or supposed to do. The men in question are union members of the NUVBB (National Union of Vehicle Body Builders) and normally they fit instrument panels, door cards and instrument panels. Today – and apart from their normal tasks, they're also connecting the Lucar terminals to the rear lights and the plugs on the headlights.

The spectating man knows that the electrical work being done should be done by another man who is a member of the Electricians Union – but he hasn't showed up for work and there isn't another nearby 'Sparky' to take his place.

He goes to see the chargehand who is also an ultra-left wing socialist.

"Two blokes down there doing a sparky's job. Thought I ought to tell ya?"

"Who are they?"

"Smith and Jones".

"You sure?"

"Course I am!"

The Chargehand grabs hold of a portable loud-hailer which he claims is his personal property.

"STOP THE LINE, STOP THE LINE. EVERYONE STOP AND DOWN YOUR TOOLS. UNION WORK BEING UNDERTAKEN BY NON UNION MEMBERS!"

The line stops and it takes at least an hour for the matter to be referred upwards and resolved. It doesn't get resolved but in the meantime everyone on Pre-Mount is hanging around, enjoying a cigarette in a NO SMOKING area, going to the toilet or eating an early sandwich lunch. Some may even be stretched out in a 2000 saloon with the seat reclined flat and having a sleep. By and by, as Pre-Mount has stopped, no bodies are going into the overhead storage area to be soon lowered on to their mechanical assemblies on the main line below – and that stops too. The various union convenors on the main line want to know what's going on and they're all communists as well, or with strong socialist principles and they support the decision of 'their brother' – the chargehand on Pre-Mount.

"Can't 'ave union work bein' done by non-union people. NUVBB can't do NUKUE union work. Unofficial strike. Everybody go home" and that's what everybody does. Hundreds of them would much prefer to stay at work and be paid for it but they all have to be union members to work at 'the Standard' like the rest of Coventry and the UK in general. They don't want to be called 'scabs' or see their wives and families being subjected to taunts and intimidation from strong union people, so they all go home and wait for the phone call and notices in the local newspaper that 'work will re-commence on the Monday in ten days time'.

So nothing gets made, and when this strike is finally sorted out and people get back to work, there isn't nearly enough time to get the balance of the cars on Order No. 123456 finished – and when the L/C held by Barclays Bank in London expires – as it surely does, **most** of the cars are built and **all** the parts are ready - but the L/C doesn't allow for partial shipments. So neither the cars that are finished, nor the parts that are packed, get shipped - and 'the Standard' doesn't get paid at all for anything – until another L/C is opened in the US, confirmed in London and the better part of another two months of hanging around playing 'catch up' before the order is eventually fulfilled.

And that, dear reader is usually the reason why a vehicle build date in Coventry can be long separated by the first title date. Industrial action at the factory, or a key supplier like Lucas or Pressed Steel - and the whole gamut collapsed like a pack of cards.

Ten days for a cargo ship to cross the Atlantic, more days spent unloading, even more days spent parked on the dockside in Houston or wherever while import duties are paid, then deliver to the dealer, do the pre-delivery inspection and eventually, one day, Joe and Josie Public pause in their shopping trip to look through a showroom window.

"Say, that's a cute little automobile. Honey, could I have it for my birthday, please?"

"Sure thing. Let's go in, set up a loan and screw on the tags. Happy Birthday, sweetheart!"

If only they knew the heartache and stress of getting the damned thing into that showroom in the first place, but hey, it's another day and another dollar to pay our world war two debt – and unlike the rest of our allies from that period, the UK was the only country that actually did repay **in full** – including the compound interest.

But the pain of doing it was agonising. It wasn't until the Prime Ministership of Margaret Thatcher came into play between 1979 and 1990 that things started to improve. Thatcher did untold damage to British industry in many ways but she did manage to take the trade unions in hand by introducing legislation that made unofficial strikes totally illegal but by then the damage had been done. The UK had essentially handed its motorcycle industry on a plate to Japan, stopped mining its own coal, sold its oil reserves at bargain basement prices to third world countries, given away its shipbuilding interests to Japan, Korea, Finland and Germany and decided it was better to import ready-made goods of all types rather than make them ourselves.

Seems to me the only thing we do make now that the world still wants in meaningful quantities, is Scotch Whisky – so I think I'll go and have one.

This article has made me rather thirsty and it's getting late.!

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