

## Chapter 1 Introduction

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**Announcer:** Joe Cappy had a front-row seat to a strange chapter in car manufacturing history. The 1987 sale of American Motors Corporation to Chrysler — the deal that gave the Jeep brand to Chrysler and made Joe Cappy the last American Motors Corporation CEO. Joe played several roles in this story which goes back to when the French car company Renault partnered with AMC, landing AMC operating capital and eventually acquiring a major interest in the company. After the assassination of Renault's chairman, Georges Besse, Renault sold AMC to Chrysler. Joe's first job out of college was with the Ford Motor Company, where he held various sales, marketing, and financial positions. In the 1990s, Joe came to Tulsa to divest Dollar Thrifty from Chrysler. He became CEO of Dollar Thrifty Automotive Group after Chrysler sold the rental car company, retiring in 2003. In his oral history, Joe talks about Ford Motor Company's Edsel, the assassination of the chairman of Renault, Chrysler's Lee Iacocca, and car design. Heard on the website and podcast of [VoicesOfOklahoma.com](http://VoicesOfOklahoma.com)

## Chapter 2 Name Change

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**John Erling (JE):** My name is John Erling. Today's date is April 24, 2019. Joe, would you state your full name, please?

**Joe Cappy (JC):** Joseph Cappy.

**JE:** Your date of birth?

**JC:** May 13th, 1934.

**JE:** Makes your present age?

**JC:** 84, but next month it'll be 85.

**JE:** Yes. You looking forward to that number or...?

**JC:** Oh, Yes. I am (chuckles)

**JE:** (Chuckles) We are recording this interview in the recording facilities of VoicesofOklahoma.com

**JE:** Where were you born?

**JC:** I was born in Chicago, Illinois.

**JE:** Your mother's name?

**JC:** Antoinetta Neily. And then she became Antoinetta Neily-Cappy, after marrying my father, George Cappy

**JE:** Can you describe her personality?

**JC:** Well, my mother was extremely vivacious. And very attractive. When she entered a room, she took over the room. Because of her personality. My father, on the other hand, was more of a silent type. And he enjoyed watching his wife light up a room.

**JE:** What was his name?

**JC:** George

**JE:** What did he do for a living?

**JC:** Well, he only had 2 years of community school after high school, and he started into the retail business, working in a department store chain. He very quickly rose to the number 2 job in a major chain in Chicago called Wieboldt's. Wieboldt's had — I think — maybe 7 or 8 location throughout the Chicago metro area. Retail just got in his blood and he ended up working for two other chains there in Chicago. But then ended up always wanting to buy his own business. He became a store manager for a company called Spiegel's, which was a house furniture and appliance kind-of focus. And while he was working for them, he got contacted about a business that was available for sale that were two partners that were ready to retire in Wisconsin Dells, Wisconsin. And it was a small department store. My father had previously looked at maybe buying a hardware store in Chicago, but that one didn't quite work out. He passed on that, but then he found this store very interesting in the Dells. Dells is a vacation destination for primarily Chicago people. And, ya know, they'll get 250,000 people in there from Memorial Day to Labor Day. After that, the town drops down to its base of about 2000 inhabitants. And most of those are gone in the winter. They go to Florida or they go to California, Arizona — where they keep warm. The population in the Dells is very limited in that time of year.

**JE:** Well, would that be tough to have a business year-round?

**JC:** Well, it really was, and that's one of the things that was kind of fascinating; when we moved there, ya know, we're of Italian heritage, and the people

in the Dells were Swedish, they were German — they had really no ethic — there was one family, it was a Jewish family that was there, and that was the only other one, other than Native Americans. They had a large selection of a tribe called Winnebagos. It was really the Native Americans, one Jewish family, and now one Italian family. He was told that they were not going to be successful — that anybody that's come in from outside has never made it. Well, he made it. He developed an excellent business there and a wonderful reputation.

**JE:** Describe the store. What was it that he was selling?

**JC:** Just like you would picture a Macy's, except small. It was a two-storey building, but all the retail business took place on the first floor. So it had all kinds of clothes, dry goods, it had blankets — it also had groceries, shoes, and every possible thing that you would need to put items in your house. He did not have furniture, though — or appliances; it was all dry goods.

**JE:** What year would this have been? Years?

**JC:** Well, it was in 1948. I had just graduated from grade school in Chicago — getting ready to go to high school. In fact, the high school that I should have gone to was a very large school; it had 6,000 students. I wanted to go to something smaller and I got the okay to go to another one that was just slightly out of my area that had 2000 students.

**JE:** This was in Chicago?

**JC:** This was in Chicago. And then, when my father bought the business, we moved. I believe it was, like, in early October. I started school at Wisconsin Dells high school. Wisconsin Dells high school had about a little less than 200 students (chuckle). So I avoided a 6000, I started at a 2000, and now I'm in one that — well, my class was about 50 students.

**JE:** Did you like that?

**JC:** I thrived in it. I found that in the larger schools, it was so big that it was very difficult to get acclimatized quickly. And, in the smaller school, it was much easier. And it also allowed me to go out for sports, because in a school of 2000 or 6000, all the boys that got into sports were really well-developed; they were more men than they were boys, and in a place where you've only got 50 students in a class — half girls — you needed everybody you could get.

**JE:** (Chuckles) Right.

**JC:** If nothing else, then for tackling dummies for football or just somebody to play against in baseball.

**JE:** What was the name of that department store that your father had?

**JC:** He right-away named it Cappy's Department Store.

**JE:** But wasn't your original name Capizzi?

**JC:** Yes, it was. And when my father started in the retail business — ya know, at that time, they didn't have pagers; they didn't have phones — and so in a large department store that was 5, 6, or 7 storeys, when they needed somebody, they would make an announcement through a microphone that was on all the floor levels and they would say: "Mr. Capitzi, would you please come to the third floor?" You know, bath and whatever the location was and he didn't believe that sounded "business-like." Plus, everybody called him "Cappy." So, what he did is that he changed his name to George Cappy for all business purposes. And, in fact, he never had it officially changed. So, on my birth certificate, I was Capizzi, and it was never changed.

**JE:** So then, in school, you were Capizzi?

**JC:** No, in school I was Joe Cappy.

**JE:** And that was at the same time that he changed the name because of the department store?

**JC:** Right. So, starting grade school, I was Joe Cappy. Joseph Cappy.

**JE:** Okay. So you don't recall having to change your thinking about your last name?

**JC:** No. That was all I knew. For all I knew, my father had officially changed it.

**JE:** Yep.

**JC:** He did, except not legally.

**JE:** (In agreement) Mhmm. But you, obviously, began the trend of legally calling yourself "Cappy."

**JC:** Yes. Matter of fact, when I went into the Army as a Second Lieutenant, I had to have my father write a number of paragraphs explaining the name change — and the difference between what my birth certificate said and what I was known as at the time.

**JE:** Did you have brothers or sisters?

**JC:** I have a sister that's two years younger than myself and I have a brother that is "the surprise" — he was 13 years younger than I.

**JE:** Right. Are they still living?

**JC:** Yes, they are — in Tampa, Florida.

**JE:** What are their names?

**JC:** Grace Cappy — her husband passed away — and George Cappy.

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### Chapter 3

#### Coming to America

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**John Erling (JE):** The Great Depression, 1929, the crash of Wall Street — that all happened in a 10 year period, 1939. did you hear stories on how that affected your family?

**Joe Cappy (JC):** Oh, absolutely. Absolutely. It was really a difficult time. You saw the result of that in my parents and other people at the time. You didn't buy anything unless you had the cash for it. It wasn't like you could buy things on credit. Everybody had to live within their means. It was something, though, that my father — now, my father and mother were both born in the United States. My father's family came from Sicily. My dad's father had been, like, a mason. He did a variety of everything from carpentry to, you know, painting and woodworking of sorts; and he was with other farm workers whether they were called "serfs" or what they were called by the landowners. And he felt that he could do better than that if he went to America. So, at that time, he took his family, which was made up of — I think — 5 or 6 children. Now, they could not speak English or read English, but they had some other people who had gone to America that they had apparently exchanged letters with and they told them there were real great opportunities. Well, when they arrived (chuckles), at the port in New York —

**JE:** Was that through Ellis Island?

**JC:** Yes, through Ellis Island.

**JE:** And what year would that have been?

**JC:** Well, right around 1900.

**JE:** Okay.

**JC:** My father was born in 1904, so it had to be a little bit before the turn of the century.

**JE:** Late 1800s, probably.

**JC:** Yes

**JE:** 1890-something.

**JC:** There was a big influx at that time of Italians from both the mainland and Sicily. When they arrived at the port, as they were shepherding his children, there were a bunch of toughs that stopped them, circled around them, and basically robbed them of the things that they had. One of the things that my grandmother had brought over were her linens — you

know, the ones that were hand-made — and all of those, as well as the money. So, now, here they were: They couldn't speak English. They didn't know what to do. They ended up going to a union wire —

**JE:** Western Union?

**JC:** Western Union wire. And they sent a telegram to this cousin in Chicago. And they wired them some money so they could get to the Chicago area. But that was money that had to be paid back and they had to give a few things that they had, in effect, as good —

**JE:** Collateral maybe, 'eh?

**JC:** Collateral — to make sure that they were going to pay that money back. But, when they got there, it was a case of, you know — how do you find work in Chicago? You don't know anybody. But what happened with all of the nationalities that came in — whether it was the Irish, or the Germans, or the Swedish — they all kinda congregated in an area where their kinsman had located. So there was just, like, a little Italy, a little China, a little Germany (chuckles), a little Swedish, and so forth. And they started to find work. They ended up — his father — became a barber. They started in a 2-story tenement kind of house on the ground floor with a barbershop and then my father's oldest brother also took up the trade, and then the next son also took up the trade. The sisters started to get into garment-making, working for companies that were making dresses and millinery and that sort of thing — curtains. So, that's where they got their start and then they ended up buying that building that they were in, and then lived above in the 2 apartments in the top floors. It was very hard to make your way and to, in effect, provide properly for your family.

**JE:** Makes you proud to know that you come from that kind of stock.

**JC:** Well, that's right. You know, you think: "Would you take your family when you were — you know, and had a couple of kids and go to Brazil when you can't speak the language? And think you're going to make a life there."

**JE:** My grandfather came from Norway with his bride in 1894 and he homesteaded in North Dakota. He left a beautiful area of Norway and came to the flatlands of North Dakota, but he had 160 acres that he homesteaded, so he was a rich man at that point.

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## Chapter 4

### Ford

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**John Erling (JE):** So let's take you into Chicago, into high school. You enjoyed high school there in Chicago?

**Joe Cappy (JC):** No, I just started there and I went to Wisconsin Dells.

**JE:** Oh, I'm sorry, I — yes. And graduated in what year?

**JC:** 1952.

**JE:** And then you're on to college?

**JC:** Yes. University of Wisconsin in Madison.

**JE:** And what was your degree in there?

**JC:** I got a degree in marketing and accounting.

**JE:** The Korean War was on 1950 to 1953, do you remember hearing about it?

**JC:** Well, I was — more than hear about it... In order to earn a little money while I was in school, I joined the ROTC at Wisconsin. When I graduated, I had a service obligation in the army for 8 years. I had, like, a 6-month "for sure" and it could be a 2-year active duty versus 8-year reserve. My graduating class of about 40 men, in basic officer training — a colonel came in and the Korean War had, really, stopped. The firing had stopped. They had gotten all the agreements and arrangements for the peace. And the colonel wanted 12 of the 40 lieutenants to volunteer to go to Korea. I was thinking if there was an opportunity to maybe go to Germany for a 2-year assignment with the army there, or, other places — I might have done that. But to go to Korea, it wasn't something I was really interested in, even though they were fighting. And he really pushed very hard and got quite upset because he didn't get the volunteers right away. He kept on and then he started threatening — he was going to put this whole class up in the arctic. But finally — finally — he got 12 volunteers and he was glad and left. Then I ended up taking an assignment in Fort Eustace, Virginia.

**JE:** You didn't volunteer.

**JC:** I didn't volunteer for Korea, but I had to put my active duty time in. That's when I got assigned to Fort Eustace, Virginia.

**JE:** So then the total in the military. You did —

**JC:** I did 6 months in active duty and then 7-and-a-half years reserve.

**JE:** Alright. But, after you graduated from the University of Wisconsin in the year —

**JC:** '56.

**JE:** 1956. What did you do then? What was your first job?

**JC:** I had two offers: One from Ford Motor Company, one from General Motors, and two were in the retail area. I did not interview for accounting, although that was my fallback was to become a CPA. But the other, like Ford and General Motors, were things that had more of an interest to me. When I got offers from both, those two plus two large retail chains — one in Milwaukee and one in Chicago, I decided to take the Ford job even though it was \$25.00/mo less than the GM offer, because the GM offer was in their electro-motor division. You know, at that time, they were making components for large trains and locomotives. And the Ford offer was in what they called their "Special Products Division," which was a new division that they were putting together, but no one really knew the product was going to be. So I took that and I was there for about 6 months when I got my actual call-up — when I left to go to active duty for 6 months. And then I came back to Ford after that.

**JE:** Your degree was in accounting and marketing, so you had those two areas, then, to use for prospective employers.

**JC:** Right. Yeah. I started at Ford in accounting.

**JE:** Okay. You must have come out of school with high grades, and if you did, say "yes." (Chuckles)

**JC:** (Chuckles) Yes, I did.

**JE:** Yes — because you were attractive to GM and to Ford.

**JC:** Right.

**JE:** Did they often come to the University of Wisconsin looking for people?

**JC:** Yes, they did.

**JE:** Okay, so they came looking to you.

**JC:** Correct.

**JE:** Okay.

**JC:** I took those interviews at the university.

**JE:** Alright. So then your first job with Ford Motor Company was as what?

**JC:** As an accountant in a general accounting office for the Special Products division.

## Chapter 5

### Edsel

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**John Erling (JE):** This special product. What was the special product you were working on?



**Joe Cappy (JC):** Well, I wasn't really sure. All I knew is that it was a new car. At that time, General Motors was knocking the ball out of the park with the fact that they had Chevrolet, Pontiac, Buick, Oldsmobile, Cadillac. And Ford only had Lincoln-Mercury. The idea was maybe you could build another franchise and another division that would give you 3 to compete against a larger General Motors. So they were building what was going to be the first of a family of cars that was going to stock up this new division, and they were going to get a completely new dealer body that would handle these products. Well, before I left to go back into active duty (clears throat), I had been there — I'd say for at least about 6 or 8 months — and I wanted to see this car, because it was called a "mystery car."

**JE:** Is that the way they referred to it?

**JC:** Yes. All the automotive press they were putting out — all kinds of hype on this new product and how different it was going to be and how unique and how advanced and so forth. Well, that product turned out to be the Edsel. I wanted to see the car before I left, because it was going to be introduced while I was gone.

**JE:** Here you were crunching numbers on this product without knowing exactly what it was.

**JC:** Exactly.

**JE:** So, was that easy? Because I'm sure it was shrouded in secrecy at the Ford level and hardly anybody saw it.

**JC:** And I went to the head of the PR operation — fellow by the name of Gayle Warnock — and I asked him: "Is it possible that I could see the car?" Well, they weren't going to take me to the styling rotunda, but they made arrangements to take me to a product planning executive. And I was ushered into his office and he locked the door and then he went to the safe, and opened the safe, and he took out about a 4-inch picture book. He sat me down and kept the book closed and started to tell me about the product and how futuristic it was — how this was and how it was going to do, how many units it was going to sell and so forth — and gave me the whole story about their approach on marketing the car with a new dealer network. And then he opened the cover and the first photograph they had was an on-level front view of the car — the grill that had this oval, toilet-bowl-shaped (chuckles) grill. And he says "Well, what do you think about that?" And I said — Well, I could say, it's like when you see a new baby and the mother says "Isn't this baby beautiful?" and you say 'No, it

looks like a monkey." And, so, I was caught, and I said "Oh, this is fantastic!" And the guy was beaming and he went through the rest of the photographs, and I walked away thinking to myself that it certainly didn't have any appeal to me. I preferred the Ford products, as well as a number of the General Motors; it just didn't seem like it was going to be a major hit. And it wasn't, because the hype was much greater than what the car turned out to be. The expectations were just too great. And what came out was just another car. Instead of gear shifts, you had to press buttons on the steering wheel, and that wasn't a Buck Rogers thing. And then, when it came out, they started to have some electrical problems with the buttons. There were some new features, but the car wasn't that much different from a regular car. And it was using the chassis of the Ford products — the Ford cars of the same size.

**JE:** Well it is one of the biggest flops in the industry, but there had been many flops in the industry, too. Chevrolet came out with Corvair — rear-engine-driven automobile — and that didn't really take off. I think that was in '61. But you're saying that it turned out to be an ordinary car — the hype was much bigger — but did the design itself eventually lead to a much bigger flop?

**JC:** Well, I think it did. The front end was ridiculed and when people start laughing and making jokes about the front end, that's one thing that'll cause people to shy away. You know, you buy a new car and you'd like people to say "Wow, he's got a new car! Look at that! Is that a beauty! And it's so much nicer than the previous model." When you bought that car, it had people making jokes about it. You know, it's not something that you go have as a serious potential purchase.

**JE:** Right. And we could say that Edsel was named after Henry Ford's son, Edsel.

**JC:** Correct.

**JE:** It was named after one of Henry Ford's best friends, Edsel Ruddiman. So that's where the name "Edsel" comes from.

**JC:** Well, not really. It really came from his son — Henry Ford's son, oldest son, was Edsel Ford.

**JE:** Yes

**JC:** Maybe that's why he named his son "Edsel."

**JE:** Yes, that's what I'm saying.

**JC:** But the car was then attached to his son.

**JE:** Right. And he was the only son of Henry Ford.

**JC:** And he was a very distinguished — a gentleman — and he had some great styling ideals, and he produced some wonderful cars. But he was never good enough — one of those things, you're never quite good enough as your father — and Henry Ford gave his son, Edsel, a difficult time.

**JE:** Yeah.

**JC:** And he didn't want to turn full control of the company to him. And Edsel died early, and his wife blamed his father for the problems that he had.

**JE:** However, Edsel did die of cancer.

**JC:** Yes.

**JE:** And he was only 49-years-old when he died. But I was reading where he was the one who convinced his father to move the Model T to the Model A and, of course, that became a big seller. And I'm just trying to say good things about this man, Edsel. He was responsible for the Lincoln Zephyr and the Lincoln Continental. And he introduced hydraulic brakes, which greatly strengthened the company's overseas production, so there was some substance to this young man named Edsel.

**JC:** That's what I said. He was just a wonderful person. He was more up-to-date, you see, than his father. But every one of these things that he came out with, he had to arm-wrestle his father on. It wasn't like an easy sell — "This is a great idea, son!" — it was always an uphill battle.

**JE:** Yep. And then I was reading — but that Henry Ford was like that, not just to his son, it was —

**JC:** Exactly

**JE:** It was to other people who came with new ideas.

**JC:** Exactly.

**JE:** And I read where he was in France and engineers would come up with a new design and all that, and he came back and looked at it and he just ripped the whole thing apart. And as much great as we hear about Henry Ford and what he did, he had that side to him.

**JC:** He had a bad side. He was also — he was more on the side where Adolf Hitler was.

**JE:** He was known to be anti-Semitic, wasn't he?

**JC:** Yes, he was.

**JE:** Yeah.

**JC:** And he published a newspaper in Dearborn that kind of really focused on that. That cost the Ford Motor Company an awful lot of business and support.

**JE:** Yep.

**JC:** You know, it's like, one part he's genius; another part, he's got an extremely big failure.

**JE:** We go down to Fort Myers and Thomas Edison Winter down there, but Thomas Edison and Henry Ford, of course, were very close friends. And so they've included some of the knowledge that I'm talking about in that museum about Henry Ford.

## **Chapter 6**

### **End of Edsel**

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**John Erling (JE):** But then somebody had to pull the plug on the Edsel and say "this is not going to work." Who was that?"

**Joe Cappy (JC):** Well (clears throat), I think that was (chuckles) the car itself. (Laughs) If you built a plant to build 250,000 cars a year at straight time, with the potential to go up another 100,000 and, instead of that, you're only building 100,000 in a 250,000 car-capacity factory, the red ink is just tremendous. And, so, it imploded. In order to save it and make a little bit of money, what they did was they dissolved the Edsel division — as Special Products became the Edsel division — they dissolved that and put the product in with Lincoln-Mercury, and they called it then "M-E-L Division": Mercury, Edsel, Lincoln. And then, a few years later, they mercifully got the Edsel in ahead and put 'em to sleep.

**JE:** I'd forgotten that Robert McNamera was Ford President —

**JC:** Yes.

**JE:** — and was, I guess, convinced the board to bail out of the project. And he, of course, went on to become Secretary of Defense.

**JC:** Right. And McNamara was an extremely brilliant man, but even at Ford, it's like everybody. Everybody has a weakness somewhere, ya know; you can't always be the smartest man in the room. And he looked at product like an accountant would and say, "Well, ya know, if we can make a more inexpensive windshield visor, we could save 5 cents a car on, ya know, 500,000 cars." And what he did is he went through the product and did that. He was taking money out of things that burned out. I listened, because I went to different focus groups, and you'd hear people say "Ya know, it's taking us 8 years or 10 years to save enough money to buy a car. And when I get in to the Ford cars, and I look and touch, I feel things that — they feel like some of the toys my children have. It's not substantial. I

don't feel like I've got value in these things. It's plastic, and it's this, and it's that." So, McNamera did that and Iacocca was the guy who came in after him that went the other way with the product. And then, of course, McNamera, he failed again when he became Secretary of Defense with the Vietnam War. He should have been smart enough. He was told, he saw it with his own eyes and he still kept it up and that was a terrible mistake.

**JE:** He didn't bail out, but then eventually he admitted he was wrong.

**JC:** Yeah. But after how many young men died?

**JE:** Right.

## Chapter 7

### Joe's Report

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**John Erling (JE):** In all your Ford experience, were you around any of the Ford family?

**Joe Cappy (JC):** I had a Ford cousin that worked for me for maybe a year. And I got to some meetings where Henry Ford II — "The Deuce" — was in, but, you know, I was sitting in the back row. But I never had any direct dealings other than that. I was just too low in the company to actually be working directly with him in any fashion.

**JE:** And Henry Ford II was the son of Edsel Ford?

**JC:** Correct. He was the oldest of three sons.

**JE:** So was Henry Ford II respected and thought of as a great leader and not just a family member?

**JC:** He didn't start that way, but he did become that way. What he did — and that's how McNamara got to the Ford Motor Company — was Henry Ford realized, when his grandfather died, and he was put in control, he realized he didn't know anything about the business. And he had to get lieutenants in that really were smart. And so he started hiring very capable people to come in from other places. And one of the things he did he went to the military and he hired a — was going to hire — a fellow by the name of Thorton. He was working with the government in procurement and he had all these bright, young college guys — very brilliant — that were working in every aspect of military procurement, and supply, and transit, and so forth. And he wanted to bring all of them with him. They were called "The Whiz

Kids" when they got to Ford. Henry agreed to that and then put these young people in very responsible jobs and then they quickly moved up because they were far superior to the kinds of people that were there in the company. One of the men was a finance whiz, Ed Lundy, and he started bringing in, you know, Harvard and Yale — Stanford — from the best schools, all of those people all had big jobs in the Ford Motor Company.

**JE:** So that was a good thing, that he brought in those kids.

**JC:** Yes.

**JE:** Tell us how you came to the attention of the upper-level CEOs.

**JC:** Well, I got transferred from accounting into auditing. What they did with young people like myself is they moved them into different departments so that you got great exposure to a lot of different business; and finance is really a wonderful place because they deal with everything. You know, no one can do anything without getting the budgets and reporting the financial results to finance. And audit happened to be one of the finance functions. I got in there and, at that time, we were doing pretty much financial audits of dealerships to make sure they were financially sound — that they were properly capitalized and that they were doing this and that. And we would go out and spend two weeks doing an audit and coming back and writing an audit report. There were other things we could have done but that was the focus at that time. I was there in the office one day; the assistant controller, he was looking for my boss who was on vacation. He looked around, you know, and I was the only one sitting there and he said: "I'd like to talk to you a minute" and he said "I've been asked to see what we can do about both our sales incentives and our warranty costs. We're way out of line with what was being experienced at Ford Division." And he said, "We'd like to find out if there's anything we could do to attack that." And I said "Absolutely!" I said, "We haven't been doing that, but we could do that, actually, here to highlight and focus on which dealers are the most abusive in these areas, using our computers." And, you know, at that time, we had gotten these big-sized computers, but we had the data coming in and it was available to us. So he said "Well, I'm meeting with the Controller tomorrow morning at nine o'clock. Do you think you could have something we could — you know, where I could talk to 'em?" Well, I just rolled up my sleeves and I worked until ten o'clock at the office, went home, had a bite to eat, and worked until about two o'clock; and I had made arrangements for the secretary to come in the morning, early, and I

had this paper, you know, drafted that she typed. And by 8:30, I walked over to the assistant controller and I said "Mr. Schimmel, here. I've got, I think, what you're looking for." And he took it, and he looked at it — he took off his glasses and looked at me and looked back again. He said, "Who did this?" I said, "I did." He said, "When'd you do this?" I said, "Last night.." He says, "This is just what I'm looking for." This is exactly what he wants, and so, what was said was "Here's what we're going to do: We're going to target and then go out and audit the dealers who were taking advantage and submitting fraudulent claims — both warranty and sales." And he asked me to come by the controller's office at, you know, 15 or 20 minutes after the hour because he wanted to introduce me to the controller. So he went down there and blew the controllers off the floor and they brought me in and introduced me and, then, we put this thing together and we recovered millions and millions of dollars.

**JE:** (Chuckles) Alright. Do you think — when he came to your office and nobody was there, was he coming looking for you, or was it just fortuitous that you happened to be sitting there?

**JC:** The latter.

**JE:** Okay. So we take that moment in time, but then we add a lot of hard work. You had to prove yourself. But you were given the opportunity, and you did it, and that's what brought you to the executive level.

**JC:** Exactly. I think it was maybe a year and a half or maybe two years later, I was promoted to supervisor. And at the time, I was the youngest supervisor in the Ford Motor Company.

**JE:** Okay, we gotta ask you your age.

**JC:** Let's see. I started — I was 21. Let's see. 22.

**JE:** When you started?

**JC:** I was 25 when I became a supervisor.

**JE:** And this is in the early '60s?

**JC:** Yes.

**JE:** 25 years old and one of the youngest — or the youngest — supervisors.

**JC:** And so that, you know, that really was a major help in getting a reputation of being able to deliver. And that's one of the things that I think you have to have. You have to have somebody that will support his boss — somebody that can be extremely reliable. They've got perseverance to get things done; somebody who can be even more concise on what is needed and what would be of value. That gave me that cache.

**JE:** Well, you're probably noted as the guy who came in early and stayed late.

**JC:** Yes.

**JE:** So, there ya go. You outworked a lot of people.

**JC:** Well, you know what, I was never the smartest guy in the room. I mean, I graduated with honors and all that. But I wasn't a straight 4-point. I was a 3.75 or 3.6 or something. But, I worked hard. And that adds up, because a lot of times, the real bright guys — they're off, and they figure, you know, it's always been easy for 'em and they don't have to apply themselves.

**JE:** Their brains will get 'em through.

**JC:** Yep.

## Chapter 8

### F-150

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**John Erling (JE):** 26 years you were with Ford in many different roles. You were appointed as General Marketing Manager for the Lincoln-Mercury division. Tell us a little about that.

**Joe Cappy (JC):** Well, I had made a change. I was in finance and I was in finance for about 9 years. And as I had inferred earlier, people would come to me to — especially the marketing people — would come to me to price out different programs that they wanted to put in place. You know, they might be incentive programs. They might be travel programs. They might be, you know, contests for dealers. Whatever they brought, I had to cost them out. And then the company — then it went up for approval, evaluation and approval. Well, every time they came to me with these things, I could see things that — "Why don't you change this? Why don't you do this?" — and the marketing guys: "Oh, that's a good idea. That's good." And I'm sitting there and I'm thinking: "You know, I'm a catcher. I want to be a pitcher. I can do what these guys are doing better than they are." So I wanted a change. And, you know, from finance to marketing. I went to my boss and I said, "Here's what I'd like to do." And they were good enough to find me a place at Ford Headquarters in a marketing group that was extremely helpful. I was with a bunch of young guys and we went all over the world doing overseas market strategy study for the company. That was extremely well-received from Henry II. When he got it, he wrote on it: "A breath of fresh air!" You know, that's like being kissed on the cheek, you know? And then from there, I went to the Ford division, which was the big horse of the divisions, and was in marketing plans there for light trucks.



And during that time, we ended up coming up with a strategy and implementing — and, you know, this wasn't just myself; this was getting together the sales guys, the product planners, the engineers, and saying: "How can we compete better with General Motors?" And up to that time, the way that you built a car was that you — General Motors was the leader — they put a price on their car and you had to put a price on your car, and what you did, was buy their cars and tear 'em down and find out how much they were spending on each bolt and washer and the structure for the seat, etcetera, etcetera. Then you would come in and you would match them. So, you try to put the same cost in so you would get the same profit margin. What we concluded in looking at Chevrolet's trucks is that, at that time, their volume was so — their owner body was so large — that just the normal people coming in, the loyalty factor that the company had, we were never going to catch 'em. It would be mathematically impossible. So what we had to do was something quite different and what we ended up doing is saying, "We're going to change the way we're planning to build our car. And what we're going to do is, we're going to put fifty dollars more content into the car and price for it. But it'll give us, you know, something the other guys don't have." So we started to put in, and plan, car features — people features — into trucks. And what happened, at that time, for the same price you could buy a Ford Falcon, for example, or a Chevy II, you could go in and buy a Ford F-150, for, like, two-thousand dollars less. But now the Ford truck has got people features. It's comfortable. It's not a farm vehicle anymore. And what happened is that there was a migration of new people — not people who were Chevy truck buyers — but people who were maybe Chevy car buyers who said, "This is a great value!" And all of this switch of car buyers into trucks just gave us and negated the owner-loyalty factor that Chevrolet had. And we took over truck leadership at that time in 1958. Maybe it was '57. And Ford hasn't lost it yet.

## Chapter 9

### Mustang

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**John Erling (JE):** The best-selling vehicle in the world today, isn't that true? And it all started back then.

**Joe Cappy (JC):** Yeah.

**JE:** The results, perhaps, were bigger than you thought? Or did you think about Chevy car people coming to you? That had to be, maybe, a surprise.

**JC:** It was a surprise. And it's the case of catching the wave. We caught the wave. And it was good luck. And it was the product that did it. And the product always does it. And that's what people have a tendency to forget. And that's where McNamera lost it. If you've got the product, the people will come. You know? It's like that movie: "Build it and they will come."

**JE:** Right.

**JC:** And that's true of the car industry as well. And you could see it when they brought out the Mustang in 1963. The Mustang took the world by storm. And they got all kinds of buyers from ever — not just from one division of General Motors — but everybody wanted that car.

**JE:** The style was so unique, wasn't it? Never had been seen in an American car.

**JC:** Right (clears throat). And the thing was — that's another one that was started by — it was really good fortune, because they were trying to match up with a Chevrolet product and, as they were looking at that, one of the designers came up with this other look and, you know, everybody got excited about that. And, so, instead of another "me too" Chevy-kind-of car, it was something that was unique.

**JE:** Were they trying to compete against Corvette?

**JC:** No, not Corvette, then, no. I can't remember if it was — it wasn't the Corvair, but it was — I can't remember which particular...

**JE:** Right. So one designer came with the design of the Mustang that came out in sixty...

**JC:** '64.

**JE:** '64.

**JC:** Yeah. It came out in '63 as a '64 model.

**JE:** And it didn't even have 63-and-a-half or something they called it.

**JC:** No, no. They just put a — and it was the first time anyone had done that — where they put what would have been the normal thing was to call it a '63 and then a few months later you'd have a '64. They put the '64 on it in '63.

**JE:** And it just took off.

**JC:** Unbelievable success.

**JE:** Right. And so you were around the company when all that happened.

**JC:** Oh, I was around. I wasn't involved in the Mustang.

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## Chapter 10

### American Motors

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**John Erling (JE):** 1982. There was a motor company who came knocking on your door. If it wasn't Ford, if it wasn't Chevy, who could it have been?

**Joe Cappy (JC):** (Laughs) American Motors.

**JE:** American Motors. Right. Which was the smallest of the major automakers at that time.

**JC:** Correct and they were losing tremendous amounts of money. And when they first came, I passed on it. They were, at that time, they were looking for just a marketing person. So I turned the headhunter down. Then they came back and they were looking for a larger position. It would be a Vice-President in charge of Sales and Marketing. And I said, "You know, I don't want to go to American Motors, but I'd like to see what I'm worth. So I think I'll take the interview." So I took the interview — including the CEO, and a couple of vice presidents, and I didn't hear anything. A month went by, two months went by, and, finally, I called the headhunter: "What's the deal?" [The headhunter said] "Oh, well, you know, there's a lot of activity and they haven't had a chance to really make a decision. It's not that they didn't like you, it's just that they're not ready to proceed." Well, what happened during that time was — because they were losing so much money, and Renault had some in thinking they were going to come in and not spend any money, not spend any cash — and all of the sudden, once they were committed, it was like a briar patch (chuckles) folk tale. They got in and they couldn't get out and they started pouring money in — about two hundred million. And then it went up another two hundred and fifty million plus five hundred million. They got banks to loan money and the company was just losing tremendous amounts.

**JE:** Obviously, this company's from France, Renault.

**JC:** Right.

**JE:** Right.

**JC:** And the Renault people finally had enough because, in the '80 to '83 period, American Motors lost almost three-quarters of a billion dollars in operations. So the guy in the interview who was the CEO and chairman got replaced and they knocked him off. And he went on to have a wonderful career as a professor talking about crisis management (chuckles). And then they put the new people in place and as soon as they

announced that, I got a call. They said, "I'd like you to come and be interviewed because now we got a new chairman, a new CEO, and we got a new president. And you would be reporting to the president, so you need to come in for the review." Well, the fellow who was the chairman was an ex-Ford person who I knew, so they said "He knows you, he's happy. He would like to have you, but you've got to work for this president," which was a Renault expat who was put in as the president. So I went in to interview [with] him. And I said, "really, with the performance of this company — I gotta ask you a question — I don't know why I would jeopardize my career in a company that's losing this kind of money, and I'm well-thought-of. I've got a great position. I've got the potential to go further..." He said, "Look, this isn't well known. But right now, even with 46.1% ownership by Renault, Renault controls this company. AMC is now controlled by Renault. And Renault is a crown corporation. A crown corporation means it's owned by the French government. The head of Renault reports to the treasurer of the French government. So the money availability — it doesn't make any difference what we're losing — you don't have to worry about it, because the French government is going to continue to pour the money in here in order to establish Renault in the United States. That's the plan. And everybody's signed up for it." And then they made me an offer (clears throat) and it was a jump that would put me, you know, it was probably 3 years in front of me. I could get it today — and the money and everything was good — but, the only thing you weren't going to get until they turned it around, was bonuses, because they were losing money and you have to turn that around. And that takes several years. So, I ended up taking the job. And I was working for the general manager of the Lincoln-Mercury division who I had a wonderful relationship with. And one of the things that was quite unusual — when somebody left to go to a competitor, they usually had security, as soon as they found out, go to their office and escort them out of the building. In my case, because I wanted to give him adequate time when I told him — he was unhappy with it — but, what he did, he kept me there. In fact, it was 3 weeks or 4 weeks he kept me there. I was going to start — I told them in January I was going to start at AMC at the first of February in 1986. I mean, pardon me, in 1982. We had a meeting. I had two days left, a Thursday and a Friday, and he took me to a meeting with the president of Ford Motor Company, Red Poling, on a strategy discussion where I presented something about what we should be doing. It was kind of

bizarre, because that had never happened before. But he had a great deal of working time and confidence in me and my integrity and he didn't have a problem with that. And he convinced the president of Ford (chuckles) to have me come to that meeting.

**JE:** But the president of Ford didn't know you were leaving. Or did he know?

**JC:** Yes, yes. He had told them.

**JE:** Alright.

**JC:** But he had convinced them that I should be in that meeting.

## **Chapter 11**

### **Assassination**

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**John Erling (JE):** Let's follow Renault, because there's an important date here: November 17th, 1986.

**Joe Cappy (JC):** Right.

**JE:** The chairman of Renault is George ...

**JC:** Besse.

**JE:** Georges Besse. He's the chairman, and you've already alluded to the fact that they were losing large amounts of money with American Motors. But there was a strong labor union that didn't like what was going on, so you could pick up on that, laying us up to the evening of November 17th, 1986.

**JC:** Well, there were (clears throat) strong opinions in the French government that they were pouring money — French money — into a bottomless pit with American Motors. And the French — kind of socialist approach to business — the idea is to keep all your people employed. And they were afraid that they had to lay off French workers. And they were pouring money — French money, government money — into the U.S. And that was one of the worst political things that they could possibly do. Georges Besse was brought in to replace the chairman who had started, or who had come in right shortly after they had started the agreement with AMC and Renault. And he was an extremely strong executive. He had gone to the top in France. They have these different rules where they take you, and put you in charge of, different industries — technicals and the like, and this man was put into this industry that they had; I believe it was a steel industry or some alloy of metal, and he just turned that thing around. And he had this marvelous reputation and resume, so they put him in as chairman. And he was, you know, looking very hard at how we were progressing. And we were not only lowering the losses, but we were

gaining to a point where we were turning a corner. In the meantime, Lee Iacocca wanted to find a way to improve Chrysler's performance. And he had started sometime before this to kind of be a conglomerate, and he was buying different businesses like Aeronutronic Company that did big planes in Waco, Texas; Electronic Communication in Richardson, Texas; Gulfstream Airplanes; a military operation in Alabama; and he figures that way — because the auto industry is always cyclical — and when there was a downturn, it would be nice to have something to keep profits more stable. And he had put together an M&A activity, and they were looking at everything: What could they buy? What could they add, and so forth. And Iacocca realized they had a major hole in their lineup with sports utility vehicles. And he said, "I want Jeep." And in order to get Jeep, he had to get Renault to sell them Jeep. And (clears throat) there was a Lizard President, Felix Roten — in fact, Felix was one of the people who helped turn New York City around when it had its financial rocky point. And Roten was on the AMC board as a Renault-appointed board member. And when Iacocca — he talked to Roten — and said "I'd like to meet Georges Besse." So Roten arranged an initial meeting with Iacocca and Besse and they talked about "is there a way for us to buy Jeep?" And Besse said, "I don't really think so, and certainly not at this time." So Iacocca came back, but still, he was watching what had happened. We had introduced the XJ Compact Jeep vehicles — 2-door and 4-door, there was Cherokees — and they absolutely hit home runs for us because they had both a 2-door and a 4-door; and Chevy and Ford only had 2-door models. And we had a number of features that they did not have and they were major successes in the marketplace. So while the Renault products that we were selling had quality issues, and after great starts, were going down, the Jeep sales were going up. And we had another Jeep replacement that was coming that was going to be even better, and so Iacocca is really watching the success of the Jeep vehicles and he couldn't get it out of his mind, so he wanted his people to go back and try again. And Roten arranged for more meetings with some of Besse's people, and it was, you know — some progress, then no progress — and then finally got to where they were really getting serious. They were going to make a report to Chrysler's board in New York City and then they were going to fly to Paris to try to put the deal together. 2 days before, they got a call from Besse said, "I've thought this over. I'm not interested in selling Jeep in any way. Either with a loan or with the company." And the reason is, is because Renault, at the time, was like the 6th largest

manufacturer in the world. They built 1.1 million cars and about slightly under 200,000 trucks, but they only sold, like, 13,000 Renault cars in the United States — the world's biggest automotive market. And he saw this — he saw the AMC network — as being the way for Renault to participate; and they already poured all this money in and he had agreed that that was the thing. He saw the numbers, he saw the beginning of the turnaround, and he said, “No, I’m not going to sell.” Two days later, on his way home, at his normal time, as he got out of his car, two women were pushing a baby buggy right up to where he was getting out to his home. And they looked like they were fixing the blankets for the baby — and they pulled out guns, and they assassinated him, right in front of his house. And these were the actions direct — they were a red — they call them a “Red Faction,” and they had been kidnapping and killing top executives of European companies. These people were caught. But what happened with that — it changed everything; because, when Besse, you see, was holding off the political pressure, for what he thought was the right business decision, his replacement — which came about 2-and-a-half months later — was another fellow from another industry. His name was Raymond Levy. And he was a little Caesar; and he knew everything. He would say, “John, can you tell me how long you worked on the radio?” and he would say, “Oh, no, no. No, no. Don’t worry.” He wouldn’t give you a chance to answer. “I know, I know.” And, if you knew everything, then why would he want to ask you any questions. And that’s the way he was, and he got the direct order from the treasurer: “Get us out of American Motors.” So he shortly made his first trip to the U.S. and met with Lee Iacocca at Lee Iacocca’s — at the Chrysler Suite — in the Waldorf Astoria, and basically said, you know. “The game’s back on. Let’s talk about selling. We’re ready to get back into a sales mode.” You know, had Besse not been assassinated, it would not have happened. It was back on and, eventually, it all came together, but there are a lot of other things that kind of took place during that process.

## Chapter 12

### Zero Percent

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**John Erling (JE):** And you were with American Motors. So when Besse was assassinated, I mean, that was awfully startling to you and everybody else.

**Joe Cappy (JC):** I went to Paris for the funeral and it was — it would be like if one of our top generals, or vice presidents, or presidents died. They gave

him full honors in the church that is used by their equivalent of Westpoint. And it was a fabulous, very formal, ceremony. And you had mixed feelings. You were excited about watching this thing, because we had a very prime position and everything including inside the church. Losing him, we knew, was a real loss.

**JE:** For?

**JC:** For American Motors.

**JE:** Right. But, it turned out to be okay.

**JC:** (Laughs) Well, yeah. You don't know what's going to come next. (Laughs)

**JE:** But, then didn't that lead the way, obviously, to Chrysler purchasing American Motors in the next year?

**JC:** That's right. That's right.

**JE:** And, so, that was good for American Motors. But probably, ultimately, good for you as well.

**JC:** That was the problem. I didn't know which side of the fence (chuckles) I wanted to be on.

**JE:** You didn't know on AMC or Chrysler?

**JC:** (Chuckles)

**JE:** Okay.

**JC:** (Chuckles) I mean, I was, at that time, president of American Motors.

**JE:** But we didn't point that out yet, had we? That you came to that position as president of American Motors Corporation.

**JC:** Right.

**JE:** That was four years after you'd been hired by them.

**JC:** And as a matter of fact, there was one thing that involved my relationship with Besse. In 1986, General Motors, in September of that year, they wanted to start off with a big bang — sales push — for the 4th quarter. And they introduced low-low incentive, low percent, timed purchase, and came out with a 2.6% financing for 36 months. And within a week, Ford came out and matched it. And then CHrysler came out and, what they did, they ended up going two-tenths of a point down to 2.4%, but for 24 months — not 36. Now, most people will wanna take the 36 months because they'll get a lower payment. So Chrysler knew that their program wasn't going to cost them as much, but they would get people because 2.4% financing is better than 2.6. So we had to do something at American Motors. We were stocked with cars; we had more cars than we were selling at that point. And the Jeeps were selling great, but the cars were backed up. And I sent a guy who was in charge of my finance company and my general sales



manager, I said: “You guys’ve got to come up with something. We have to be in this game. Look at what CHrysler’s done and see what we can do. Can we match the Chrysler deal?” Well, they came back to me and they said, “Joe, how would you like 0% financing?” And I said, “Wait. 0%?” and they said, “Yes.” I said, “Well, explain it to me.” “Well,” they say, “We’d go 0% for 12 months. And then we will match Chrysler at 2.4% for 2 years or 24 months. And then we could go and match General Motors at 36.” Then I said, “Well, everybody’s going to get excited about 0% financing.” I said, “But let’s go — instead of matching Ford and GM at 2.6% for 36 — let’s go to 2.9 because no one’s going to look at that in the ads and what they hear, they’re all going to be looking at 0% financing.” So our program cost would be far less on a per-unit basis than any of the other auto manufacturers. And when we announced that, it was like telling people you could slice bread for ‘em. It was unbelievable. We had people — hordes of people — coming into our dealerships, and many of them were handing out numbers like you’d get if you went to shop at a grocery store. Who would you take? Who was the next customer? We had people who sat in the cars and wouldn’t get out until — “I’m buying this car, I’m not getting out of this car.” And the media — the PR — was unbelievable. I had 21 television stations — networks, you know — CNN and they all wanted interviews. They came to the American Center. We had all these radio stations. We had to pass out handling radio calls to everybody because we couldn’t handle them all. And I had Larry King say “If you come to Washington, I’ll give you an hour.” Well, I was just elated. And the merchandise is flying out of the stores; we had this great 0% financing that everybody in the world was talking about. And I get a call from France and Georges Besse wanted to see me. He was quite upset. All the French papers are talking about those crazy Americans are giving away our money. And when did he want to see me? Tomorrow morning. I made plans, and I flew out that evening. I landed the next morning in Paris. They had a driver there to pick me up — took me to where Georges Besse was. In the meantime, I had asked my CFO to give, to the comparable guy in Paris, a sheet that showed the comparison of our program cost with the competitions’. And, also, tell them what’s happening to our supply of vehicles — what our sales are. So when I got to the building, he was having a meeting with some government people, but they were on a coffee break, and they ushered me right over to him; and as they’re taking me over to him, a fellow told me: “We’ve already shown Mr. Besse the comparisons of AMC’s cost with

everybody else's and how much lower it is, and what's happening to the inventories being cleared out. So he knows all that." So, I got to him, and he "Hello, Joe," shook my hand. And he said, "Very good job, keep it up." And that was it. It took 2 minutes. So I flew almost 4,000 miles to get an attaboy. And I went right back, and the next day, we went to see Larry King in Washington, D.C. and I was on his show for 2 hours. And, you know, Larry King — he serves out such great softballs for you. He's not a mean guy and is going to try to pin you against a wall or something. And he would give — "American Motors has set the world on fire with 0% financing! The first time ever! Blah, blah, blah!" — and then he'd ask me questions, you know? And it was the best two hours of my life.

**JE:** And we should say, because there will be future generations, Larry King was a nighttime television host of a talk show on what is known as the network of CNN. And it was the talkshow to tune into at that time; there was no question about it. So, yes, we call that "earned media," don't we? And you had two hours of wonderful media that you probably couldn't afford to buy.

**JC:** (Chuckles) Exactly.

## Chapter 13

### Renault Fuego

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**John Erling (JE):** What products did American Motors have? What brands were they selling?

**Joe Cappy (JC):** Well, we were selling the 4-door passenger car, 4-wheel drive called "Eagle." We had, also, what was left of the AMC product line that — Concord — and then we had the Jeep, what was going to be the "CJ" and an old, big-sized Jeep that was called "Grand Wagoneer." That's the one with the false wood look, and then the one without the wood look that was just called the "Cherokee." What started to come in then — what we introduced — was the first Renault product that we built in the states that was based on a Renault R9 and that was named the "Renault Alliance." And Renault Alliance took off like a rocket. And the year before the Renault Alliance, we brought in an export called the "Renault Fuego," which was a cute car — a 2-plus-2, had a turbo engine, sold for 8500 without it maybe 10,000 with it — is was a really a kind of car that you'd like to have. The only problem is that is had a terrible quality problem. And the quality problem — it would stop. There was some kind of an electrical malfunction and, if

you were lucky, you got it to the side of the road. This was happening — you know, our dealers were so excited; they were selling them like crazy. And we were increasing the number we were going to import, but then, everything stopped. We didn't have the internet, but word got out, and nobody would step up and buy the car. Well, my boss couldn't understand why we couldn't sell this attractive, sporty, well-powered, great value vehicle. And he was getting pressure from Paris: "Why are you not moving these and why don't you want to take more product?"

**JE:** The Renault ...

**JC:** Correct. The Renault Fuego. And, finally, my sales manager piped up and said, "José, you're right. This vehicle has all those attributes. It is one of the finest, best-looking products — sitting on the side of the road, all over the United States. Our dealers now call it 'The No-Go Fuego.'" (Chuckles)

**JE:** (Chuckles)

**JC:** And we had this problem with the other products we had. We introduced the Alliance, and Renault Alliance, won all of the car magazines' Car of the Year awards. It had wonderful features: It had wonderful pickup, it had great handling. It had a whole host of things. And it had more passenger comfort in the size. It had great fuel economy — all those things you'd want. And we were trying to target maybe 100,000. We sold — the first year — 140,000. We were in a segment of 23 of the world's manufacturers in that segment — subcompact segment — and, you know, very difficult to beat cars in that segment like Toyota Corollas and VWs and, yet, we went — we were the fourth largest nameplate in sales with that car. And that was the most competitive one with 23 different competitors, and we were doing great with it. And then, unfortunately, again, problems started. And I didn't think there were going to be any quality problems because this car was taken from the Renault R9, which they'd been selling for several years; and if they didn't have the problems, why did we? And we had the same kinds of issues, but in different types of problems, they weren't like the Fuegos. But — just one of the things — we had a problem, like, there was oil leaking from the transmission — just about every one of them. And we had to take them back. And we had to work on them; we had to spend warranty money on them. And my boss said, "Renault doesn't have that problem in France." And I said, "Yes, José, in France, they park on the street. They don't know that their car's leaking oil. In the United States, they park in the garage or they park in their driveway. They know; they can see the oil." It was just a whole host of these problems and it basically stalled the

car's sales that we had started out with this tremendous advantage — all the good publicity we had and all the good features that we had that other people didn't have, and things just came, slowly, to a halt. At that time, however, the new XJ — the Jeep Cherokees — just started going straight up in terms of sales.

**JE:** And that was under American Motors.

## **Chapter 14**

### **President Cappy**

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**John Erling (JE):** You know, we glossed pretty fast here, but this is a big thing in your life, to become the president of a manufacturer of cars. So just a little bit about that; how did you become the president?

**Joe Cappy (JC):** Well, as I indicated, I came in as vice president in sales and marketing. And the president, José Dedeurwaerder, was really a fantastic automotive executive. He was one of the most dynamic that I've worked with, and I was close to Lee Iacocca and I witnessed him, but as far as knowing the manufacturing part of the automotive works, he had great advantage there. Iacocca was better in the marketing area. Dedeurwaerder, there again, it's circumstances and the way fortune is, he got along extremely well with Georges Besse; and Georges Besse liked him so much and thought he was so good. He wanted to bring him back to Paris to put him in charge of Renault sales and marketing worldwide — a big jump into the parent ship. As a result, who are they going to replace him with? And I wasn't aware of any of that, but I got promoted to COO as his number 2 and I had that position for a short time. It must have been 8 months or so before they finally then announced Dedeurwaerder was going to leave and go back to Paris, and we were coming out at that time — we were building a new plant in Canada — we were going to produce a new car called the Renault Premier. And we had all these things going on, and the engineering on the car, and all of the procurement of parts that went into it, the engineering of it. And this Renault Premier was going to be our star and it was one that we did the work on. We had some components from Renault, but it was really an American Motors-built-and-engineered vehicle. So the board, they found out about it — the independent directors, not the Renault directors — the independent directors found out about it. We were going over to start to import another

car called the “Renault Medallion.” It was kind of an intermediate-sized car. And we went to Brussels and we were going to visit a plant that was producing this car. So, on the way over, they took a plane that had, you know — those continental flights — they come into New York City, they turn around, and they go back to Paris. So the plane had French newspapers and one of our independent directors knew French, and he would read the French newspapers. And in there was an article that said that Georges Besse is bringing José Dedeurwaerder back to Paris. So he went up and down the plane to the other guys and said, “Do you know this?” And nobody, of course, knew it. And they said, “He can’t do that! We’ve got all of these things going on. We’re going to be a year away from — the plant’s not finished!” So, when they landed, they were in a tizzy. They called a meeting with Dedeurwaerder, which I attended, and they started in and said, “You can’t leave now! What can we do? We can make you a full-fledged American Motors employee. We’ll give you this, we’ll give you that, we’ll give you pensions.” And Dedeurwaerder could care less for that. He had this big, plum job in Paris and he said, “No. I’m not interested. This job is bigger and more important; plus, I’ll be able to help you. In this position, I can give a lot of help.” “Well,” they said, “who are we going to get to replace you?” He turned to me and said, “Joe.” Now, the one thing that a board has is a fiduciary responsibility to hire a CEO. This kind of shook them to the core and they said, “Well, that’s something that’s going to have to have more discussion.” And José said, “Well, tonight, after we make the plane visit, we’re driving to Paris. And we’re going to have dinner with Georges Besse, and you can explain your concerns to him.” That evening, we went to what used to be a hunting chateau. The waiters all wore white gloves and the service was impeccable — great food. And we were sitting around — a little larger than this, of course — a rectangular table, and José sat on Georges Besse’s left and he put me on Georges Besse’s right. And across from Georges Besse was Roy Chapin Jr., who had been selected when we were going through and looking at the plant and trying to — the little clusters of the AMC and the [unintelligible] were getting together and buzzing me about what they were going to do and what they could say — and trying to line up how they were going to handle the meeting with Besse that evening. And Chapin had been made the head spokesperson; that’s why he sat across from Besse. And then you had the other independent directors going that side, and then on either side of myself and Jose, he sat some Renault executives. And it was a very lovely dinner,

and they came in then with the dessert. And when they finished the dessert, Besse said, "I understand you want to — you have some thoughts about Jose's replacement." And Roy Chapin said, "Yes, I've been selected as the spokesperson and, as you know, the board has fiduciary responsibility to select." And, out of 13 board members, Renault had 5 or 6 at that time. [Roy Chapin continues] "And I know that your directors would vote for what you have asked for, but the rest of us, we believe we need to have some input here. But before we get to that, we'd like to really find out if Jose's coming back is final. Can we talk about him staying?" And Besse said, "No. He's coming back. That's it." So then they said "Okay, then let's talk about his replacement." And then I was not excused by Besse. I did not leave — if I could, I wanted to stay. And I think Besse knew that by keeping me there, it would temper the conversation about what they thought about me and what they would say openly. And it was a fascinating conversation. There were 3 or 4 of the independent directors who said "Look, let's quit screwing around. Jose and Joe have been working together for 4 years now and they get along well. If this thing is going to work — if you bring someone in that doesn't get along with Jose, doesn't know Jose — this whole thing is going to crash. And then another one said, "Joe has done a fantastic job. I think he should get the job." And then they came back again — not so much saying that I couldn't do it, but, "We need to go through the process. We need to go search. We need to have a search to see if there is somebody better. Not to say better — just somebody that would be a better choice for us at this time." So, it finally wound up where Besse said, "Okay. You go and hire a firm to find a candidate and you've got 90 days. At the end of 90 days — and Renault will have its vote as to whether that candidate is acceptable or not to us. But either way, at the end of 90 days, Joe is going to be the president." The next morning, when we were boarding a plane to come back, I said to Roy Chapin, "Could I have a meeting with you and Jose tomorrow morning at 10 o'clock in Jose's office?" and he said "Yes." So we met in Jose's office and I said to Mr. Chapin, I said, "Roy, I understand the responsibility that you have and I can understand wanting to make sure you get somebody really top-flight. And there are a number of extremely outstanding automotive executives that I know and that I would have no problem working for; however, if you bring in somebody that I think is inferior to myself, then I want you to know that I'm going to find something else." He said, "Fine." Within a week, I started getting phone calls from executives from Ford

(chuckles), Chrysler, General Motors, saying “What’s happening there?” And I didn’t try to gloss it or change it; I said, “Here’s what’s happening.” And virtually, to a man, they all said “Oh, god, I don’t wanna get mixed up in that mess.” (Chuckles) So about a month later, I got a call from Roy Chapin. He said, “Joe, congratulations. We’re disbanding the search. You’re our president.” (Laughs)

**JE:** Wow... And how old would you have been?

**JC:** Let’s see... Probably 54. 53. 54.

**JE:** And we’re talking in nineteen-eighty ...

**JC:** Yeah, 1986. Well, actually, it might have been the end of ‘85 but beginning of ‘86.

**JE:** Well, congratulations, Joe.

**JC:** (Laughs)

**JE:** You became president of a major car company.

**JC:** That’s right.

**JE:** You never thought you’d be there.

**JC:** Nope. Absolutely not. And as you said, you know, it happened. Timing and everything, you know. If Besse wasn’t there, it wouldn’t have happened, you see?

## **Chapter 15**

### **Jeep**

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**John Erling (JE):** Leading up to the story of the sale, we need to talk about Jeep some more. The ‘84 Jeep Cherokee absolutely changed the business. This was the compact SUV that led the way for what we know of the SUVs today, right?

**Joe Cappy (JC):** Right.

**JE:** But you also saw the development and launch of the Jeep Wrangler.

**JC:** Right.

**JE:** And let’s talk about the history of that because that comes out of World War II.

**JC:** Correct. And General George Marshall said that the Jeep is America’s contribution to modern warfare; and it was so valuable. And I think there were, like, 600,000 Jeeps built; and Jeeps were all over the world. In every theater of operation, there were Jeep vehicles. In fact, that was really the value. I think next to Coca-Cola, Jeep was probably the brand — the

American brand — that was best known throughout the world, internationally. And after the war, Willys, who was producing the vehicle, and it turns out there was another company that — really, a small company — that had the design that Willys took and then started building and then the government went to Ford and said “We’d like you to build the same car.” So, it’s kind like you and your wife are going to get divorced and you want to use the same attorney (chuckles).

**JE:** Yeah.

**JC:** Yeah. So, Ford and Willys really built the big volume; and Kaiser bought Willys. And then, after the war, Kaiser — you may remember something called “The Kaiser-Frazer car” — they thought they were going to get into the automotive industry pretty much like our friend Mr. Musk. And it’s a tough industry. You got to have a lot of money and you’ve got to go through a lot of things — very tough.

**JE:** I want to ask you — the name Jeep. I think there’s different opinions on how the Jeep became known as the “Jeep.” I have it here that Eugene Jeep was a character in the Popeye comic strip: A mysterious animal with musical or supernatural abilities. And it appeared first in 1936, and so, you may have your idea, or opinion, or knowledge of how the name Jeep came about.

**JC:** It was really simpler than that, I think. The government designation for the Jeep vehicle was “General Purpose.” G.P., number so-and-so. So it was called a “G.P.” And so it quickly went from “G.P.” to “Jeep” with the military people.

**JE:** Say that to me again.

**JC:** G.P. General purpose. You know how they —

**JE:** But then that would be spelled G —

**JC:** Well, that’s just “G.P.” But what I’m saying is, when they start to use the name “G.P.,” it evolved into “Jeep.”

**JE:** Okay. And then there’s another way — this gentleman suggests that soldiers of World War II were so impressed with the new Willys that they informally named it after Eugene the Jeep, as it was small, able to move between dimensions, and could solve seemingly impossible problems — so, anyway. Interesting how it came about, but maybe what you just said is the real reason — the way the name came about.

**JC:** They will always shorten something, or give a name to it, and that lends itself to it.



**JE:** But then wasn't it Willys Overland Jeeps owner motto: "The sun never sets on the Willys-built Jeep."

**JC:** Right.

**JE:** That would bring the Jeep to a civilian role.

**JC:** Yeah. And they started, but they would continue to build a vehicle that was too close to the army vehicle. In other words, it was like a work vehicle — like a small truck — that could be driven in difficult places, but it was a work vehicle to them. Then, when Kaiser bought them, they kind of kept the same thing and didn't really put any creature features into the car. And then, Roy Chapin, who was — at the time — chairman of American Motors, he had been for a couple of years in international, and he knew that that vehicle would be very well-received in a lot of countries around the world. So, he wanted to try and buy Jeep from Kaiser-Willys; and he had a couple of advantages. One was that the fellow who worked for Kaiser-Willys as the CEO was a hunting buddy of his — in ducks in Canada, where he had a hunting lodge. And, so, he knew that they were interested in selling if they had the right price. So he asked Gerald Meyers — Gerry Meyers — who we talked about, who became, subsequently, the CEO and chairman; he asked him at that time to go out and make a study to see if this is something that we should buy. And Meyers came back and said, "Absolutely not." And he made this presentation to the board that says, "Their product is dated, their plants are dated, this is bad, that's bad; net result is I wouldn't touch it with a 10-foot pole." So, Roy Chapin didn't agree with that, and he stood on it for a number of months and then he called this Meyers back in and said, "How would you like to become Vice President of Product Planning and Manufacturing?" He said, "Well, in order to do it, you've got to figure out how much we're going to pay to buy Jeep and the things we have to do to fix it and what we have to change." And now Meyers had an incentive. He came back with a different plan now and said, "Let's buy Jeep! And here's the things we have to do." And American Motors bought Jeep for 70 million dollars.

**JE:** And that Mr. Chapin was the one who couldn't get it out of his head, could he?

**JC:** (Laughs)

**JE:** He just knew something was there.

**JC:** He knew it was a product that they needed; and, in fact, in a way, you see, Jeep saved Willys and they were able to sell that to Kaiser. Jeep saved Kaiser because Kaiser went out of business, and the only reason they were

staying around was because of Jeep. Then Jeep came to American Motors and it saved American Motors. Then Jeep went to Chrysler and it saved Chrysler. And I can mention what the contribution has been of Jeep in Chrysler; and now, it's saving Fiat. So, it's like the savior vehicle brand. And it, at Chrysler, for example, the Jeep products were bringing in 2 billion dollars, the minivan was bringing in 2 billion, but the rest of Chrysler was losing 4 billion. So it was an even-Steven game. They weren't losing any money, but they weren't making any money. They just had these two products that were propped up and saved Chrysler. Eventually, Chrysler would end up in bankruptcy, but that was a different factor there.

## Chapter 16

### Lee Iacocca

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**John Erling (JE):** So, Lee Iacocca wants to buy American Motors because of Jeep.

**Joe Cappy (JC):** He really only wanted Jeep, originally. He got sucked into buying the whole company, but he didn't want that. He just wanted to buy the Jeep brand, but he (chuckles) found he couldn't get it that way from the new Renault chairman.

**JE:** Right.

**JC:** So Lee Iacocca became very famous in our country. He had that kind of personality that was outgoing and was probably on Larry King and all those kind of things. You were around him. Talk to us about what kind of a person he was up close.

**JC:** Well, Lee Iacocca was actually — no one would guess it — but he was quite an introvert. He was able to give a performance in front of an audience, or with news people, in telling them his story and his vision and so forth; but as far as friends, he kept a very, very small circle of friends who came all from the Philadelphia districts — sales districts — where he was. And he brought them up to Detroit and then he helped move them up; and wherever he went, he took those people with him every step of the way because he knew them, he knew what they could do, and he just brought them everywhere he went. In fact, he ended up taking them to Chrysler when he left Ford. Now, that's because he wasn't comfortable with new people and there's a question. I always feel that if you're a great manager, you can go in, take the people that are there, and get them focused on what you want done and get them to be part of a team. And you don't

have to bring all your buddies with you to be able to do that. And I think that — to me — that's a more satisfying way; and feel that you've got the ability to really do something instead of always having to drag your other folks around. And he practiced. I mean, he had people come in that were experts in elocution and approaches and writing and he worked hard — he would practice a speech, and he would be [rewriting] it — and it would be this and that. When he got in front of a group, he was mesmerizing — his ability to be bigger than life. You'd go to a dealer convention and it would be a couple thousand people and if you were a bird, up high, you'd look and you'd see the waves moving — and he's walking through, and he's got his cigar, and he's ramrod straight, and he's walking through, and he's nodding to these people, and he's shaking occasional hands — it was like the emperor was moving through. But he really was shy that way. Now my wife and I traveled with he and his wife a lot because I had a three-year stint as the international vice president for Chrysler. And it was kind of ironic because the only international they had, at that time, was American Motors International, where we were building Jeeps. Chrysler used to have one, but as part of the government refinancing Chrysler earlier, they had them divest of all their international operations. So they really had only U.S. So Iacocca loved to travel and he loved to meet people. And the reason is that he was treated almost like Secretary of State of the United States. He'd come into a place and the Prime Ministers would ask to have him visit for a state dinner. And he would go to those. I was with him (chuckles) — my wife had put taken my passport out of my briefcase and had put it in the hotel safe, and I didn't know that — and I was taking him to see a new plant that we had built in Austria. And (chuckles) I found out on the way I didn't have my passport. Now, I'm in charge of these plants and these operations, and if I can't get into the country — but when we land, private plane, Gulfstream — we go through where customs is, and all kinds of people are there to see Lee Iacocca. And I'm just staying close to him and I don't show a passport or anything going in, going out, going back to Germany. I mean, it was like "Holy moly!" It's like you're traveling with a celebrity.

**JE:** He was your passport.

**JC:** (Chuckles) That's right. (Laughs)

**JE:** Yeah. Charisma. That's what you call charisma, isn't it?

**JC:** That's it. And, so, it's amazing because you think he would be — now, when he's with his friends, he let his hair down. And he — his language was really

salty. (Laughs) I mean, I heard quite a bit of it when he had these other people around him. (Chuckles) One morning, we were there to take him to meet with Gianni Agnelli in Rome. And I was there with Steve Miller.

**JE:** And who was he, Agnelli?

**JC:** Gianni Agnelli was the patriarch of Fiat and all things that Fiat owned, like Lamborghini, etcetera. Ferrari, rather. He was like Lee was — he was that way in Europe. Wherever he went, he was, again, next to the Pope, he was probably the next rock star there. And we got their early — because you always want to be ahead of time — and there were one of his wife's friends, and you know the kind of people those ... when you've got 45 to 60 year-old women in miniskirts, and they had all their beauty on. These are different people. These are California people — because his wife was from California. And there was one couple that had to go to Rome to catch a plane and they were going to leave early. And they got in an argument in the room.

**JE:** Who now?

**JC:** This is this couple. In the house, in the — Iacocca bought a villa in Italy — this is in the villa, on the second floor, there were a bunch of bedrooms. And this couple, friends of his wife, who were going to go to the airport, got into an argument and started yelling at one another. And we're waiting for Lee to come down to leave to go to Rome for this meeting. And, all of the sudden, we looked up — we were down in the foyer — we looked up, here comes Lee out of his bedroom with his robe on and he yells out: "Will you two shut the \_\_\_ up?!" (Laughs) You get to see a different side. But he liked to get together with his friends and play cards. But the other people were there, he knew, but he was never really bonded with anybody else.

**JE:** But he had to like you. I mean, he traveled with you, kept you close, and family, and the couples. You — the two of you — struck it off. If he didn't like you, he wouldn't have had you that close, would he?

**JC:** Well, no.

**JE:** Because he wasn't forced to have you there.

**JC:** Well, he wasn't forced, but in a way, he was because I was in charge of international. So it's hard for him to go in without me to talk to distributors. We had a distributorship operation in Europe, and he liked to go to Europe, and that's how we sold cars. We sold cars to a distributor who, in turn, put up warehouses for parts and put their own dealer network in place. And these people are very wealthy people — well-connected.

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## Chapter 17

### Car Design

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**John Erling (JE):** I want to ask you a question here about designing cars. And maybe even quickly talk about a team and the process for designing cars, whether for a complete design or for maybe headlights or taillights. Must be brainstorming, must be old-fashioned. Just drawing on a piece of paper and you have different kinds of people that are in that meeting — is that true?

**Joe Cappy (JC):** Yes. And there's been a big change that has come about. In the old way of doing car design is you have, what I call — used to call — “silos.” You have styling, and you got a guy who's vice president of styling and he's got all the stylists. And then you got another silo that's engineering. And then you got another silo that's manufacturing. And then you got another silo and that's purchasing. And what would happen is styling would come up with a design — whether it's for an entire car, or just a makeover, or sheet metal — and then they would go and give the engineers, say, “Here's the car and the changes that we could make.” So then it goes all the way up — all the engineering guys look — it was all the way up to the top, and finally, engineering said, “We can't make that car that way. You're going to have to make these changes.” So it comes down that silo and goes over back to styling, styling reworks it. They sent it back to engineering. Engineering goes back through it and they say, “Okay, fine.” Then they give it to procurement and procurement then says, “Oh, I'm having trouble. I haven't got suppliers who can do this. Is there a way we could make this kind of a change?” And then it goes back over to styling and it goes up again, and it goes over. And this is why it was taking 3+ years to turn out a new car. Now, the Japanese were doing it in 18 months or less. And the reason — what they did — they had what they called “platform teams,” and the platform teams have, instead of it being the silos, they have all of those people are working together as a team; so that when the team is finished, it's a go deal. It's not like “Oh, we gotta go back and we gotta do this.” All of this is discussed and caught early on and everybody has to speak up. Now sales and marketing, they're also in their

silos but they just don't have much to say about it except they've got to come up with the numbers and how they're going to market the car and so forth. And that was the thing that we had at Jeep. At Jeep, because we were small, we had this platform approach. And Chrysler had these silos. So one of the biggest advantages, in addition to getting Jeep, was they took the whole Jeep team over en masse. Every one of the Jeep employees — engineers, etcetera — were brought over and then what they did, they went in and changed the rest of Chrysler engineering-manufacturing to this platform approach. That was really a big plus for Chrysler.

**JE:** Yeah. These designers — are they a special breed? A different kind of people that come in with all these ideas and are they treated as stars? Because they come up with ideas.

**JC:** Well, they used a lot of young people that have been through art school or have got just innate capacity for art and design. And they're the ones that work up all kinds of — using the dimensions that they're required to design to — and they come up with all these things. And then they've got normal, kind of, management with a supervisor or a manager or a VP. And they call out what they think are the best ones and they'll have presentations, and everybody will look and critique, and, finally, they pick their best one in their view and present it. But you have to keep getting people from design schools and from especially the west coast, because they seem to have a real feel for that kind of lifestyle that they see in California that's so different from anything in the east coast.

**JE:** So, largely, they come from California, you're saying, these design minds?

**JC:** Yes.

**JE:** Because they are uniquely different. I was wondering: Are any design secrets slip out and given to competition? Does that ever happen?

**JC:** Well, it happens, but sometimes it happens through magazines, writers. Sometimes it happens by — there was one gentleman who made a great living. He would buy the most expensive kind of camera equipment — telescopic — and he would go and find a position, maybe in a tree or he'd bring a ladder, and he'd be looking at the test tracks that all the manufacturers had and taking photographs, looking for the newest models. So, usually, when they took a vehicle out in the street for testing, they'd camouflage it, as I mentioned earlier. But on the ovals, they usually didn't do that. And they would have "First picture of the new Cadillac V6!" And they'd sell these photos. So you find out that way. I had one thing at Ford. This is way back. General Motors and Ford had these big, boxy vans —

work vans — that plumbers and electricians used, and so forth, the Econoline and the cargo van. We found out through one of these magazine people that they were working on a sliding door. These vans had these double doors that opened this way. And a sliding door in the eastern part of the country — or in any major city — would be a major advantage to that type of a profession, in terms of being able to get in, get equipment, get out, pull equipment in-or-out, and the like. So, that would give them a great advantage. And we were doing very well in our vans. And when I heard that, I said, “We’ve got to put it on the Econoline.” And I went to see the product planning people and I went to see our engineers, and, clearly, it took very little convincing to tell them what was going to happen, and they were all in favor. So, we put together a paper that indicated here’s what we want to do, here’s what it was going to cost, how much time it would take, and so forth. We brought that up to the vice president of truck operations. And this guy was extremely bright, but he was like a — he could be like a little old lady. And, when he made a decision, it was almost like the decision made itself because he would drag it out so long. He knew more about that particular project than the guys that were doing it. I mean, he would put you through this drill. And the problem is — we used to say — he’d get us in a room and we’d be there for hours. He never had to go to the john. He didn’t drink coffee. He didn’t drink tea. He was a real puritan kind of a guy (chuckles). He said, “No. We’re not going to do it?” Why not? “I want to see some research.” We can’t research very well when we don’t have — competition isn’t out yet and we don’t have anything, so it’s just considering what the advantage would be for them in the marketplace is they have it and we don’t have it.

**JE:** And they, again, is who?

**JC:** Chrysler. I mean, Chevrolet. And he refused to do it unless we could find some way of proving that here’s what it would cost us in lost sales, or here’s how many you could sell. So you could go out and you would have to build a property and then go out and research it somewhere, at quite an expense, when it was — to everybody else it was like “Duh! They’re doing it! We’ve got to have it! Be competitive!” And every time we went to him, he’d pound us down on it, and I became a particular target (chuckles) because that was — I was the marketing plans guy; the one always going. That’s again one of my faults is that if I think I’m right, I will be in your face until you tell me, “If I see you one more time, I’m going to fire you.” And until

they say that, I keep coming back — a little too persistent sometimes (chuckles).

**JE:** But it paid off here, didn't it?

**JC:** Well, here's what happened. No, it didn't pay off. I couldn't convince him.

**JE:** Oh.

**JC:** But, again, fortune — good fortune. Henry Ford decided he was going to put this gentleman in charge of Philco-Ford in Philadelphia. And the guy they were going to replace him with is a guy who was a brilliant guy who, everyday, he'd come up with maybe 30 new ideas; and maybe none of the 30 were good but one time, he'd have one that would be absolutely brilliant. He was just a great visionary kind of a guy. He came into replace [unintelligible]. The very first day he was at his job, I had called ahead of time. I wanted to have breakfast with him at 6 o'clock or 6:30 — whatever it was — in the dining room at the building. I went in, and I had this paper, and I talked about it, and showed him the paper, "We gotta have it!" (chuckles)

**JE:** (Laughs)

**JC:** (Chuckles) And, then, they put a rush on — we got it. And it turned out to be a dynamite requirement for those city-professional guys who were plumbers, electricians, and so forth.

**JE:** Put them on the Econo-van? That's the name of it? Right?

**JC:** Yes.

**JE:** Right. Is that today? Where is that standing today, that model?

**JC:** Well, that's still available.

**JE:** That's still available?

**JC:** Yeah. They still build that.

**JE:** You pressing the issue — you've got to feel good about that when you see a sliding door, because that became a very popular thing.

**JC:** Well, yeah, and then that technology and engineering went into minivans, then, later. And, so, the experience that you had in doing it on that just helped — paid off — years later.

**JE:** Okay. So, then, did you beat Chevrolet coming with that? Or did they beat you?

**JC:** Oh, they beat us to market. But then we and maybe — it might have been a year later.

**JE:** Okay. And again: You got wind of that sliding door from a ...

**JC:** From a writer.

**JE:** (Chuckles)



**JC:** A writer. A magazine guy.

**JE:** (Chuckling) That's an interesting story.

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## **Chapter 18**

### **Car Rental**

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**John Erling (JE):** Okay. I'm going to jump through here, because I want to bring you to Tulsa. So, then, we've talked about — you were named vice president of the brand development at Chrysler, then vice president of international operations, which you talked about. And then, finally, vice president of Chrysler's technologies and rental car operations. And then your mission was to spin off those operations that were considered non-core to the automaker, right?

**Joe Cappy (JC):** Correct.

**JE:** Alright. So then I'm going to bring you to 1998. You were appointed CEO, Director and President of the Dollar Rent Group. Then you spun Dollar Rent and Thrifty Car Rental from Chrysler, and you placed that — merged companies — as a newly independent company on the New York Stock Exchange. Now, there's a lot of work in what I just said. But that brings you

...

**JC:** That brings me to Tulsa.

**JE:** That brings you to Tulsa, right. And it so happened that the car rental companies were headquartered here in Tulsa, but they were losing, like, 5 million dollars a month.

**JC:** Correct.

**JE:** And you requested, along with your wife, Patty, to move to Tulsa, Oklahoma.

**JC:** Correct.

**JE:** And, so, I'll let you take off — kind of give us a synopsis of where you come to Tulsa and what you're doing.

**JC:** Well, I was still trying — when I came to Tulsa — I was still trying for at least 3 years, if not 4, to sell either Dollar or Thrifty. I made presentations in New York to the people from Avis. I made presentations to Hertz; made presentations to investment bankers, trying to find somebody that would buy these companies, but, you know, when a company's losing money, and it's getting all of its products — it's losing money for Chrysler, basically — and it gets all of its products from Chrysler, it doesn't seem to be an

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attractive idea to buy one of those companies. So it was very clear that I had to turn them around and have them make money instead of losing money. And that's where I said it's a question of getting team focus and have everybody working together better, and one of the things was the compensation that was, at that time, being paid to the Dollar and Thrifty management team. It was extremely below-market. And I ended up boosting that, which boosted morale, and putting in other — with the senior management — other perks that they didn't have before, like getting a membership at one of the golf clubs. Doing things that made them feel good and having concessions at my house — open house kind of thing, bring people together — because Dollar people and Thrifty people didn't mesh well because Dollar had basically come from California. In fact, one of the first things I did was require the executives in California to move to Tulsa, including the guy who was president of Dollar, Gary Paxton, and he lived out in Los Angeles. And, when I announced what I wanted them to do, Gary said "Well, I can't do that." I said, "Well, why not?" He said, "Well, my wife has just ordered new curtains." (Laughs). And I said, "Gary, you know, sometimes things happen. And those new curtains are going to look nice when you sell your house to somebody else." I said, "All I'm saying is, your check is going to be in Tulsa. If you're not working there to pick it up, you need to start looking for something else." Well, Gary decided the move was good. I told him, "I'm moving to Tulsa." There were three hours lost with the time differential coming to work, they couldn't communicate themselves between Dollar-employed people because they left in Tulsa — they had, like, the res[ervation] center, they had purchasing, they had accounting — if they had questions, they couldn't talk to anybody until they came to work. And then if they got questions, everybody here's gone. So it was just — those are the kinds of things you had to do to start to turn around. And it took 3 years to turn it around.

**JE:** But you did.

**JC:** Yes.

**JE:** You turned it around.

**JC:** Yes.

**JE:** Went on the New York Stock Exchange.

## **Chapter 19**

### **Leadership**

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**John Erling (JE):** I talked about leadership. As students listen to this — traits necessary for leadership success. What kind of advice can you give to these students who are interested in business and management level of any kind?

**Joe Cappy (JC):** Well, you can't back away from taking risks. You've got to be careful about it, and you can't just run that way all the time, but there are times where it makes sense to take risks. It also is fine for absolute transparency with your employees on everything that you're doing so that they can all work together as a cohesive team. Usually, you do that with your top managers, but when you have significant change, you've got to do that with the whole organization so that they're behind you — that they understand. They don't want to feel like you're talking to them one way and you're really doing something else. If you can do those things, and if you've got a track record of good integrity that they know that they can believe what you're saying — and that you're not giving them a line of false information — that's very important. You have to be able to be very open with the employees.

**JE:** So of all these, can you say there's one job that brought you the most satisfaction as you look back?

**JC:** (Chuckles) You know, what I think about now makes me kind of feel a little bit strange is that, when I think back of what I was doing at American Motors in my 50s. You know, with this AMC thing. I'm saying, "By gosh, I can't believe that I was that aggressive and that positive, and so sure of myself." Now that I'm older, I'm thinking: "Was I out of my element and I didn't know it?" (Chuckles) But it's amazing how fast you can grow and, if you've got good people to help you, you can handle these things at an earlier age. It's just, you know, you've seen it every day that that happens. But, when you think back, you say, "Oh, my gosh. Look what I did then, and look what I did here, and then." Frankly, the most enjoyment I had was way back when I had just the responsibility for sales for the Ford Motor Company in Kentucky and Tennessee. It was really the first time I had a crew of people instead of — a lot of where I did had, where I may have had — 4 or 5 people working for me. That was the first time I had a significant number. And we could compare ourselves with other districts of the same with what Chrysler and Chevrolet were doing in the marketplace, what my market share was, were we wholesaling all of our cars, etcetera — I had all these measures. I really enjoyed that. It was like having my own little

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company, but it wasn't threatening because I knew I had the Ford Motor Company behind me. It's a lot different than when you're like Dollar Thrifty because, after 9/11, the banks started sweating under the arms and around the neck because they were lending a lot of money to us, as well as a lot of other people, and they didn't know what was going to happen. They said, "What if your used car value drops much further than what you normally plan on? We're not sure that we want to renew our financing." In fact, that's when I went to Washington to talk to some of our senators and congressmen to tell them that we need to make sure that we can continue to get credit or we're going to be out of business. When you buy 110,000 cars at maybe, let's say, at \$25,000 or \$30,000 a piece, you're talking big, big money. You have to have financing. And if they're all nervous about it, you've got a real problem. And they're nervous because they see Budget went bankrupt (chuckles). "How are you guys doing?"

**JE:** So that trip to Washington, did they pay off to help you?

**JC:** Well, I think it did with the help with the financial part of it. I think the banking part — to keep everybody running for foxholes — we talked to John McCain, we talked to our senator, Inhofe, and our congressmen. At least I told our story.

## Chapter 20

### How to Be Remembered

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**John Erling (JE):** So then, finally, we ask, how would you like to be remembered?

**Joe Cappy (JC):** I'd like to have — continue to have, I hope I have now — a good reputation as a good manager, as a person who was helpful for his employees — that improved their station in life, with the improvement of compensation and the way the business was run. Coming from the Ford Motor Company, which has outstanding integrity and has, what I think is, what is one of the finest operations in terms of all of the good things that you have in a Fortune 100 company, was very valuable experience. And, so, you knew how you should act. You knew what controls you should have. You knew what your financial boundaries are. You don't end up like some of these people do — just like — what can happen, is like, this outstanding executive from Renault and Nissan who now is a Japanese cell. You know, it can go to your head. When I'd call a press conference at American Motors, I would get every network and radio and television people there.

Well, that can go to your head. You say, “My good, look at that. They’re listening to everything I’m saying. By god, I must really be quite a guy.” And I’ve tried to keep my head level, and I’ve been asked, “Well, how did it feel? You were number 1 at AMC; now you’re one of 31 vice presidents.” I said, “The only thing that happens is now, if I call the governor, he won’t call me back.” (Laughs).

**JE:** Well, now, you’ve been here. What? 20-something years in Tulsa?

**JC:** Yes.

**JE:** I believe you’re an Oklahoman.

**JC:** Yes. Thanks to the governor, I got a chance to serve on the board of regents for about, oh 7 years.

**JE:** Which governor appointed you to that?

**JC:** Frank.

**JE:** Frank Keating. Yeah. And you and your wife, Patty, have been involved in many things here ...

**JC:** Yes.

**JE:** ... in the city of Tulsa and in Oklahoma. As I said to Roy Clark, because he largely came out of Washington, D.C., and I said “You’ve been here some 30 years.” He says, “Yes, I think they’ve accepted me by now.”

**JC:** (Laughs)

**JE:** So, have you been accepted by now? (Laughs)

**JC:** Well, the one thing that you find here in Tulsa — it’s a very giving place. And a lot of the social activities have to do with fundraising for nonprofits. I got involved very early with The United Way and ran the campaign that set a record at that time; it’s been surpassed. Chairman of the United Way, with the Boy Scouts for 26 years here. We’ve had 3 major capital campaigns, been at the Philbrook and headed up a function there. So, you throw yourself into that. I think what happens, though, when you get to be my age, you know, you don’t have that same — “Another dinner. You want to go?” “Well, I don’t want to go out tonight.” (Laughs)

**JE:** Done enough of that and all, and you can pick and choose now, so. I want to thank you for a very fascinating time here we’ve had with you for Voices of Oklahoma. I’m telling you, it’s quite a journey and I thank you for your story.

**JC:** Thank you, John. I appreciate it.

Thank you for your support as we preserve Oklahoma's legacy one voice at a time, on [VoicesofOklahoma.com](http://VoicesofOklahoma.com)