



### A cavalcade of crossovers and SUVs

Headliners include the Jeep Cherokee, Acura MDX, Toyota Highlander and Range Rover Sport. Subaru will introduce its XV Crosstrek Hybrid, left.

See stories, | PAGES 16, 20 |.

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# Automotive News

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PHOTOS BY GREG HORVATH

Unsellable Lincoln MKZs jammed together at Ford's Flat Rock, Mich., plant. Ford kept assembling the imperfect cars in Hermosillo, Mexico, then shipped them to Michigan for rework and final inspection. Now the company is telling dealers that the backlog will be eliminated soon.

## The MKZ's difficult birth

After botching a key launch, Lincoln tries to undo the damage

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Lincoln executives admit they have only one shot at reinventing their faded brand for a new generation of luxury customers. But the MKZ, the first major vehicle of a new and better Lincoln lineup, has stumbled badly out of the blocks, angering dealers, wasting a costly advertising launch and driving away customers who have waited months for undelivered cars.

After Lincoln spent more than \$7.4 million to advertise the new sedan during the Super Bowl,



MKZs went through their final inspection at a special line set up at Flat Rock, delaying their arrival at dealerships by weeks in some cases.

and more for another spot during the Grammy awards, dealers had no cars because of quality problems and parts shortages at Ford Motor Co.'s Hermosillo, Mexico, plant. Dealers didn't know what to tell customers who had put down

deposits because, dealers say, they received only spotty information from the factory.

In other words, the new cloak of luxury that Lincoln had promised to create — treating customers in a way befitting a true luxury brand — was frayed at all the edges.

Now Lincoln is hoping the bungled launch can be salvaged by ramping up advertising next month, just as the brand sorts out the factory delays and begins shipping more cars.

"These cars were originally supposed to be here in late October," says O.C. Welch, who owns O.C. Welch Ford-Lincoln in Hardeeville, S.C. "We missed the after-Thanksgiving sale,

**INSIDE:**

Lurching at launch is nothing new at Ford | PAGE 32 |

see MKZ, Page 32

**INSIDE TODAY**



**Watts up in EVs: A market preview**

The EV market remains tepid, but automakers have plenty of new models in the pipeline. | PAGE 4 |



**A Seoul brother for Hyundai's Genesis**

What will Hyundai's next Genesis Coupe look like? The HND-9 concept that the company will show in Seoul this week provides some strong hints. | PAGE 6 |

## Wanted: Dealership stars under 40

Are you a rising star at an auto dealership? Or do you know someone who is?

For the second year, *Automotive News* will spotlight these achievers in "40 Under 40," a special section in the July 15 issue.

Candidates must:

- Work at a dealership in the United States or Canada. All departments are eligible.
- Have accomplished a significant business achievement.
- Be under age 40 on July 15.

Past honorees are ineligible. To see the 2012 class of 40 Under 40, go to [autonews.com/40under40](http://autonews.com/40under40).

To apply to be one of our 40 Under 40, or to nominate someone, go to [autonews.com/40nominate](http://autonews.com/40nominate). The deadline for completed nominations is April 19. **AN**

## Barra remakes GM product development

More discipline, less dawdling — and soon there'll be vehicles to judge

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DETROIT — It has been just over two years since Mary Barra became the surprise pick to steer General Motors' global vehicle development, instantly rocketing her from a relative unknown to one of the industry's highest profile executives.

She'll get a report card soon. Over the next 18 months, GM is embark-

ing on one of the company's busiest-ever launch schedules. Some of the vehicles will be the first cars and trucks developed soup-to-nuts on Barra's watch.

"The stuff you'll start to see later this year — this summer and fall — those generally are going to be Mary's," says Doug Parks, GM's vice president of product programs and Barra's top lieutenant. "You can

start to judge her soon."

So far Barra can be judged on a measure not quite as exciting as fresh sheet metal: her behind-the-scenes overhaul of the 29,000-employee, \$15 billion enterprise that creates GM's cars and trucks.

If Bob Lutz's legacy as GM car czar last decade was the return of some

see BARRA, Page 26



Barra: More rigor, less dithering

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Learn more on **Page 29**  
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# MKZ Dealers: Problems go beyond delays

continued from Page 1

Black Friday. We missed Christmas. We missed New Year's. We missed Presidents Day. We missed Black History month, Martin Luther King Day. We missed St. Patrick's Day. And it looks like we're going to miss Easter.

"It's almost time for 2014 Job One and we haven't seen a '13."

## Breakdown

Dealers say the launch's troubles go beyond the months of delays. While they agree with Lincoln's refusal to ship cars that weren't of top quality, they don't condone what they consider the breakdown in factory-dealer communications.

Bill Knight, owner of Bill Knight Lincoln in Tulsa, Okla., and chairman of the Lincoln National Dealer Council, praises Lincoln for its financial support of dealers during the trauma, but adds: "When a customer calls and says, 'Where's my car?' and we can't give them a definitive answer, that's a pain point."

Bill Wallace, owner of Wallace Lincoln in Fort Pierce, Fla., says that not a day goes by without some communication from Lincoln about customer service and training. But he says Lincoln has given dealers conflicting or incorrect information about the status of customers' MKZ orders, and that has put dealers in an awkward spot.

"We look foolish to the customer and even worse than that," Wallace says. It's incongruous, he says, that Lincoln instructs dealers "that we want to treat all these customers with kid gloves and give them this special treatment — and we're giving them bad information. It's not a good way to start a relationship."

Matt VanDyke, Lincoln's global director of marketing, sales and service, downplays the damage. "I don't think we've lost the momentum with dealers at all," he says. "No question that customers are waiting longer than they would have liked. We've created some frustration there."

He cited a number of "extraordinary" actions Lincoln has taken to alleviate dealer pain caused by the delay, including cash payments calculated on lost sales and extra spiffs on other Lincoln models.

## Lincoln's hopes

It's tough to overstate the importance of the MKZ to the Lincoln rescue effort. When Ford killed the Mercury brand in 2010, Lincoln-Mercury dealers lost the volume that had supplied much-needed cash flow and service business. Dropping the Town Car removed what had been a steady Lincoln seller.

Things have gotten so bad in recent months that Lincoln brand sales have fallen below those of the Ford Mustang, a single niche model.

The redesigned 2013 MKZ was supposed to more than make up for those losses. Lincoln trumpeted the MKZ as a contemporary, stylish, distinctly American sedan that would appeal to young, hip customers dissatisfied with the German brands. Lincoln advertised the car during the Super Bowl and

# Lurching at launch is nothing new at Ford

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The quality glitches that have plagued the 2013 Lincoln MKZ launch are not isolated. Ford Motor Co. has had a recurring problem with recent vehicle launches.

Ford has issued five recalls on the 2013 Escape and two on the 2013 Fusion, the most serious involving vehicles with 1.6-liter EcoBoost engines. Ford asked some customers to park their vehicles after cooling problems caused at least nine vehicles to overheat and catch fire. Ford blamed a software glitch.

Ford had one of its most aggressive vehicle launch programs in its history last year, as it rolled out the 2013 Escape, Fusion and C-Max Hybrid. The MKZ and Fusion are built in Hermosillo, Mexico.

With the MKZ, Ford kicked off

a new Lincoln quality inspection process. But the volume quickly overwhelmed inspectors. On Feb. 1, Ford said it was sending the overflow to its Flat Rock, Mich., plant for inspections.

Joe Hinrichs, a manufacturing specialist who took over as Ford president of the Americas after Mark Fields became COO on Dec. 1, said last week that parts shortages caused more delays. Hinrichs said he wouldn't blame suppliers because Ford also had internal issues. He noted the MKZ launch had come on the heels of the major Fusion launch.

Whether Ford has put its recent launch problems behind it will be seen with this year's launches, which include a restyled Ford Fiesta, built in Cuautitlan, Mexico, and a redesigned Ford Edge and Lincoln MKX, both built in Oakville, Ontario. **AN**

Grammy Awards in an effort to stoke demand.

Meanwhile, Lincoln put customer service at the heart of its brand reinvention, emphasizing it almost as much as the product itself. The Lincoln Dealer Academy, with a curriculum designed in consultation with luxury hotel concierges, opened last week to teach dealership employees how to treat customers as they would expect to be treated at a Ritz-Carlton. As an enticement to get customers to test drive the MKZ, Lincoln offered to buy customers dinner at a gourmet restaurant in a promotion called "Date Night." It created custom luxury experiences for customers, such as offering unique batches of blended whiskey.

## Production problems

Some dealers wish Lincoln had devoted some of that planning effort to anticipating adversity in the launch. Because when MKZ output began at Hermosillo, problems erupted.

A new quality inspection process for the sedan — which had inspectors checking every MKZ rather than, say, one in 10 — was quickly overwhelmed by cars coming off the line. Some of the MKZs were missing parts, but Ford couldn't halt the line because of strong demand for the Ford Fusion, which is built on the same line.

Joe Hinrichs, Ford's president of the Americas, refuses to put all the blame on suppliers. "We had our own internal issues, too," he says. Quality expectations for the 2013 MKZ were "the highest I've ever been part of. It took us awhile to get our own processes right."

Ford had to ship the overflow of MKZs awaiting inspection to its Flat Rock, Mich., plant, more than 2,000 miles away. Many cars waited weeks or longer at Flat Rock before being approved for shipment to dealers.

Cars that were shipped to Flat Rock became more difficult to track, fouling the brand's ability to tell dealers the status of cars, some of which had been secured by customer deposits. The car, which had been expected in dealerships during the fourth quarter of last year,

is only now trickling in.

"Manufacturing delays on a new or existing vehicle are a part of life," says one dealer who declined to be identified. "They do not have a good process for helping us explain that to customers." One day Lincoln representatives told him they had no idea where some cars were, he says. The next day a truck showed up to deliver them.

## Relief in sight

Lincoln's VanDyke admits the delays created added uncertainty. "When we took the vehicles and sent them to Flat Rock, it has hurt our ability to communicate with customers as precisely as we should," he says.

But relief may be in sight. Last week Hinrichs said Lincoln has stopped shipping MKZs to Flat Rock for inspections and repairs, and the backlog of MKZs at the Flat Rock plant is close to being eliminated.

VanDyke says Lincoln has shipped 6,000 cars from Hermosillo since late December. Of those, 1,000 have been delivered to customers, 2,000 are in dealer stocks and 3,000 are in transit to dealers. It is now taking an average of about two weeks to ship a car from Hermosillo to a dealership, he says.

Some dealers say an advertising push in April, in what will amount to a relaunch, should do the trick, citing exceptional response to the car.

"The month of April becomes an awfully important month for us to truly get the car out there in volume," says Knight, the dealer council chairman. "The reaction to the car on the showroom floor has been great. There are just not enough of them."

Paul Thiel, owner of Palm Springs Motors, a Ford-Lincoln dealership in Cathedral City, Calif., says the MKZ is creating a stir in import-dominated California.

"This new one is just awesome. It draws attention every place you go. People don't recognize it as a Lincoln, and that's what we need. We need the 40 year olds to buy it, not the 75 year olds," Thiel says.

"If the cars are perfect," he says, "it won't take long to make up" for the launch problems. **AN**

## Customer Incentives

Incentives in this table are a summary of retail programs offered. Programs may vary by region and model.

	Cash rebate	Finance rate	Cash rebate	Finance rate
<b>BMW GROUP</b>				
<i>BMW expires April 1; Mini expires April 30.</i>				
<b>2013 models</b>				
BMW 6 series, M6		1.9%		
1 series, 3 series, 5 series Gran Turismo, 7 series, M3, X1, X3, X5, X5 M, X6, X6 M, Z4		3.2%		
Mini Cooper*		1.9%		
<b>CHRYSLER GROUP</b>				
<i>Expires April 1. In lieu of rebates, cut-rate financing is available.</i>				
<b>2013 models</b>				
Chrysler 200	\$1,000-\$3,500	0-3.9%		
300	\$2,500	0-1.9%		
Town & Country	\$2,000	0-1.9%		
Dodge Avenger	\$2,500	0%		
Charger	\$2,500	0-3.9%		
Durango	\$2,500	0-4.9%		
Challenger	\$2,000	0-4.9%		
Grand Caravan	\$1,000-\$2,000	0-4.9%		
Journey	\$500-\$1,000	0-5.9%		
Dart	\$750	1.9-6.9%		
Fiat 500	\$500	0%		
Jeep Compass	\$2,500	0-3.9%		
Patriot	\$2,000	0-3.9%		
Grand Cherokee	\$500	1.9-5.9%		
Ram 1500	\$500-\$1,750	2.9-6.9%		
2500, 3500	\$500	1.9-5.9%		
Cargo van	\$500			
<b>2012 models</b>				
Chrysler 300	\$3,000-\$4,000	0-1.9%		
200	\$2,000-\$3,750	0-1.9%		
Town & Country	\$2,250	0-1.9%		
Dodge Avenger	\$3,000	0%		
Charger (excl. SRT8), Durango	\$3,000	0-1.9%		
Challenger, Grand Caravan	\$750-\$2,000	0-3.9%		
Journey	\$1,000-\$2,000	0-1.9%		
Caliber		0-1.9%		
Jeep Liberty	\$4,250	0%		
Compass	\$3,000	0-4.9%		
Patriot	\$2,000	0-4.9%		
Grand Cherokee (excl. SRT8)	\$1,500	0-3.9%		
Wrangler, Wrangler Unlimited		0%		
Ram 1500	\$3,000-\$4,500	0-4.9%		
2500, 3500*	\$3,500-\$4,000	0-1.9%		
4500, 5500	\$1,500-\$2,500	0-5.9%		
Ram cargo van	\$1,250	2.9-6.9%		
<b>FORD MOTOR CO.</b>				
<i>Expires April 1. In lieu of rebates, cut-rate financing is available.</i>				
<b>2014 models</b>				
Ford Mustang	\$1,000	1.9-5.9%		
<b>2013 models</b>				
Ford Expedition, Taurus	\$3,000	0-3.9%		
F-150, Flex, Focus	\$500-\$2,500	0-5.9%		
Super Duty F-250, Super Duty F-350, Super Duty F-450	\$1,000-\$2,000	1.9-5.9%		
Edge, Mustang	\$1,500-\$2,000	0-3.9%		
Escape, Explorer	\$1,500	0.9-4.9%		
Econoline (incl. cargo)	\$1,000-\$1,500	1.9-5.9%		
Fiesta, Fusion	\$250-\$1,500	0-5.9%		
C-Max Hybrid	\$750	1.9-5.9%		
Transit Connect*	\$500	2.9-6.9%		
Focus Electric		0-1.9%		
Lincoln MKS, MKT		0-2.9%		
MKX, MKZ, Navigator		0-6.9%		
<b>2012 models</b>				
Ford Expedition	\$4,000	0-1.9%		
Flex	\$3,500	0-1.9%		
Super Duty F-250, Super Duty F-350, Super Duty F-450, Super Duty F-550	\$2,500-\$3,000	0-1.9%		
F-150	\$500-\$3,000	2.9-6.9%		
Econoline (incl. cargo)	\$2,000-\$2,500	0-1.9%		
Focus, Fusion	\$1,500-\$2,500	0-5.9%		
Fiesta, Transit Connect*	\$250-\$1,000	0.9-5.9%		
Focus Electric		0-1.9%		
Lincoln Navigator	\$3,000	0-1.9%		
<b>GENERAL MOTORS</b>				
<i>Expires April 30. In lieu of rebates, cut-rate financing is available.</i>				
<b>2013 models</b>				
Buick LaCrosse	\$1,500	0.9-2.9%		
Enclave, Regal	\$1,000	1.9-3.9%		
Encore, Verano	\$0-\$500	1.9-5.9%		
Cadillac CTS*, Escalade (incl. Hybrid), Escalade ESV, Escalade EXT, SRX, XTS		0%		
Chevrolet Impala	\$4,000	0%		
Silverado 1500 (incl. Hybrid), Silverado 2500HD, Silverado 3500HD	\$2,500-\$3,000	0-1.9%		
Avalanche, Corvette	\$2,000	1.9-5.9%		
Suburban, Tahoe	\$1,500	1.9-3.9%		
Express (incl. cargo)	\$1,000	0-4.9%		
Camaro, Traverse	\$1,000	0-5.9%		
Cruze, Malibu	\$500-\$1,000	1.9-4.9%		
Equinox, Sonic		0-5.9%		
GMC Sierra 1500 (incl. Hybrid), Sierra 2500HD, Sierra 3500HD	\$2,500-\$3,000	0-1.9%		
Yukon (incl. Hybrid), Yukon XL	\$1,000-\$2,000	1.9-3.9%		
Savana (incl. cargo)	\$1,000	0-4.9%		
Acadia, Terrain	\$0-\$1,000	0-3.9%		
<b>2012 models</b>				
Buick Enclave, LaCrosse	\$2,500-\$3,000	0-2.9%		
Regal	\$750-\$1,500	0-2.9%		
Chevrolet Silverado 1500	\$3,500-\$6,000	0%		
Avalanche, Impala	\$5,000	0%		
Corvette, Silverado 2500HD, Silverado 3500HD	\$4,000	0%		
Suburban, Tahoe (incl. Hybrid), Traverse				
Malibu	\$3,000	0%		
Express (incl. cargo)	\$2,500	0-4.9%		
Colorado	\$1,500	1.9-4.9%		
Camaro, Cruze	\$1,000	0-1.9%		
Equinox, Sonic	\$500-\$1,000	0-2.9%		
GMC Sierra 1500	\$3,500-\$6,000	0%		
Acadia, Yukon Hybrid, Yukon XL	\$3,000	0%		
Savana (incl. cargo)	\$2,500	0-4.9%		
Canyon	\$500-\$1,500	1.9-4.9%		
<b>AMERICAN HONDA MOTOR CO.</b>				
<i>Expires April 30.</i>				
<b>2013 models</b>				
Acura ILX, TL, Crosstour, Fit, Odyssey, Pilot		0.9%		
Honda Accord*, Civic*, CR-V, Ridgeline		0.9-1.9%		
<b>HYUNDAI-KIA AUTOMOTIVE</b>				
<i>Expires April 1. In lieu of rebates, cut-rate financing is available.</i>				
<b>2013 models</b>				
Hyundai Sonata, Genesis		0.9-3.9%		
Accent, Azera, Elantra*, Equus, Sonata Hybrid, Tucson		2.9-4.9%		
Kia Sorento	\$1,500	0-1.9%		
Forté*	\$1,000	1.9-3.9%		
Rio, Soul, Sportage		0.9-2.9%		
Optima		0-1.9%		
<b>JAGUAR LAND ROVER</b>				
<i>Expires April 1.</i>				
<b>2013 models</b>				
Jaguar XF, XJ, XK		0.9%		
Land Rover LR2, LR4, Range Rover Evoque, Range Rover Sport		1.9%		
<b>2012 models</b>				
Land Rover LR2, LR4, Range Rover Evoque, Range Rover Sport		0.9%		
<b>MAZDA</b>				
<i>Expires March 31.</i>				
<b>2014 models</b>				
CX-5, Mazda6		0.9%		
<b>2013 models</b>				
CX-5, CX-9, Mazda2, Mazda3, Mazda5, Mazda6, MX-5 Miata		0-1.9%		
<b>MERCEDES-BENZ</b>				
<i>Expires April 1.</i>				
<b>2013 models</b>				
Smart ForTwo		0%		
<b>MITSUBISHI</b>				
<i>Expires April 1. In lieu of rebates, cut-rate financing is available.</i>				
<b>2013 models</b>				
Galant	\$3,500	0%		
Outlander	\$2,500	0%		
Lancer	\$2,000	0%		
Lancer Evolution	\$1,500	0%		
Outlander Sport	\$500	0%		
<b>SUBARU</b>				
<i>Expires April 1.</i>				
<b>2014 models</b>				
Forester		1.9%		
<b>2013 models</b>				
Forester, Legacy, Tribeca		0%		
Outback		0.9%		
Impreza sedan, Impreza wagon		1.9%		
BRZ, Impreza sedan WRX, Impreza wagon WRX, XV Crosstrek		2.9%		
<b>SUZUKI</b>				
<i>Expires March 31. In lieu of rebates, cut-rate financing is available.</i>				
<b>2013 models</b>				
Grand Vitara, Kizashi, SX4	\$500-\$1,000	0%		
<b>TOYOTA MOTOR SALES</b>				
<i>Expires March 31. In lieu of rebates, cut-rate financing is available.</i>				
<b>2013 models</b>				
Toyota Tundra*	\$2,500-\$2,750	0%		
Sienna	\$750	0%		
Corolla	\$500	0%		
Highlander	\$500	0-0.9%		
Prius Plug-In, Venza		0%		
Camry		0-0.9%		
Prius*		1.9%		
<b>VW GROUP OF AMERICA</b>				
<i>Volkswagen expires April 1; Audi expires April 2.</i>				
<b>2013 models</b>				
Audi A3, A4, A5, A6, A7, A8, A8 L, allroad, Q5, Q7, S4, S5, S6, S7, S8, TT, TTS		1.9-2.9%		
Volkswagen CC, Passat, Touareg		0%		
Eos, Tiguan		0.9%		
Beetle*, GLI, Jetta sedan, Jetta SportWagen		0-1.9%		
Golf, GTI		2.9%		
<b>VOLVO</b>				
<i>Expires April 1.</i>				
<b>2013 models</b>				
XC90, S60, XC60		0-0.9%		

\*Applies to select models only