

Interviewee: Kenneth GORF Interviewer: Guillaume MOREL Date: 02-21-2006
--

Guillaume MOREL: When did you start working for Delorean Motor Company?

Kenneth GORF: I started working for DeLorean Motor Cars Ltd (DMCL) in August 1979. This was the company set up in the UK to develop and build the DeLorean cars.

G.M.: How have you been hired? Did you know John Z. Delorean before?

K.G.: I was recruited by Joe Daly who had joined DMCL as Finance Director. I had previously worked with Joe in Finance positions at Ford and at Chrysler. At this time, I had not met John Z. Unfortunately, Joe died several years ago.

G.M.: What was your position? Where did you work? In the Dunmurry factory?

K.G.: At first, I was the Treasurer of DMCL. I was based at the DeLorean office that was set up at the Lotus factory at Hethel in Norfolk. When the work at Lotus was complete and production started at Dunmurry, I moved across there. I think that was about the Easter of 1981, although I had spent a lot of time travelling between both locations, and across to the DMC offices in the USA. In October 1981, I relocated to the DeLorean office in Irvine, California to become Director of Finance for DeLorean Motor Cars of America (DMCA), which was the sales and marketing company headed up by C R "Dick" Brown. I went there at the start of selling into the US dealer network.

G.M.: When did you leave the company? Why?

K.G.: I left the company in March 1982 – I was fired twice!! First, I was fired by John Z for "being a spy for the British government". Then I was fired by Sir Kenneth Cork, who was the Receiver appointed to close down DMCL – I was still contracted to DMCL, so I was laid off with all the employees and given my plane ticket to get home from California. In fact, I stayed for a few weeks to help clean up the mess there and help other ex-employees, and returned to the UK in May 1982.

G.M.: What was your best achievement at DMC? (I mean, the achievement you're the most "proud of"...))

K.G.: Surviving three years.

G.M.: Do you have any funny anecdote when working at DMC?

K.G.: There are many stories to tell – here are just two.

The Ferrari. In the early days (in 1979), I was based at Hethel (Lotus) where we looked after Treasury matters and kept an eye on the product development and capital equipment costs. There was a constant stream of visitors from both DMC and the DMCL team in Dunmurry. At Hethel, there were a number of vehicles kept for product comparisons and engineering work, including a Volvo (drove like a tank) and two Renault Alpines (always broken) because they shared the same PRV V6 engine as the DeLorean. There was also a Ferrari. I don't remember how this car got there, but it was used by some executives when visiting from Dunmurry. However, John DeLorean did not know about this car (it was somehow hidden in the books), and there was a high degree of embarrassment when John Z was due to visit. So, on those occasions, the Ferrari had to be hidden.

I was more than happy to step up to the task! Apart from the actual fun of driving the beast, it gave my image a boost in the locality and with the kids at home!

The Office. After spending the early months at Lotus, and following the start of production in Dunmurry, it was decided to close the DMCL Hethel office and I was to move the Treasury function to Dunmurry. For no particular reason the actual relocation date was at the same time as the hunger strikes were coming to a head in Northern Ireland. The first prisoner to die was Bobby Sands, and he used to live on the Twinbrook estate next to the DMCL factory.

I had sent the furniture, filing cabinets, etc from Hethel to Dunmurry several days ahead of my actual move. DMCL had out-grown the original office block at Dunmurry, so there was a "portacabin" temporary office erected to house us along with engineering staff. On my first day, I arrived at Belfast airport and was collected by one of the regular drivers to take me to Dunmurry. As we neared the place, the driver said there was something I ought to know – at

this moment, the DMCL factory came into sight, but there was no office! Unbeknown to me, the riots at the weekend resulted in this office being destroyed by fire, and all I could see was a pile of ashes where my office should have been.

We had also invited two Bank of America executives to visit us in Dunmurry that same day. We were in negotiation with the bank for a credit line to finance the cars in transit between DMCL and payment by US dealers. They duly arrived on the flight following mine, and we held the meeting in the old office block with armed soldiers standing at the windows guarding us. There were also water hoses lying through the corridors of the building just in case of further problems from the neighbours. We did eventually sign the deal with BofA, in spite of all the excitement!

G.M.: What/How was your relationship with John Z. Delorean? Did you keep in touch after the bankruptcy?

K.G.: I had no relationship with John Z. I met him a few times at DMC/DMCL management meetings, but did not socialize with him. I met him for the last time in January 1982 at a meeting in Los Angeles with a potential investor.

G.M.: How was John Z. Delorean as a business executive? (*his main strengths/weaknesses*)

K.G.: This is a difficult question! He clearly had a lot of talent in the automotive field, but his decisions were often flawed because of his ego. His life after DMC is well documented, and illustrates much of the man's character. You can also judge a man by the company he keeps.

G.M.: How was John Z. Delorean as a car innovator/creator?

K.G.: One of the best marketers for mass-volume sports cars. However, he was not really "tested" as a senior automotive executive beyond fast cars.

G.M.: When did you discover the DMC12 car for the 1st time?

K.G.: When I was recruited to work at DMCL.

G.M.: Was it really called DMC12 because it was supposed to be sold 12k USD on the US market (*it was sold \$25k afterwards, right?*)? Do you know who did invent that name (DMC12)?

K.G.: The DMC12 name was in a series of numbers that included other projects. The initial list price was \$25,000 for the manual and \$25,600 for the automatic transmission. \$12k was never the target price (the Corvette was selling at \$30k).

G.M.: What do you like & dislike in the DMC12?

K.G.: I liked the original "ethical" concept – stainless steel, glass-fibre, low CoD, etc. I disliked the compromises forced by Lotus engineering. However, there was much in the DMC product development that was ahead of its time, and this should not be forgotten

G.M.: Did/do you own a DMC12? Why?

K.G.: I had a DMC12 as my company car when I worked in Irvine. This car was a pre-production vehicle, VIN Number 42. I drove it for ten weeks – until the finance company took it away!! I was very fortunate – a local dealer gave me a Mazda 123 to use until I returned to the UK.

G.M.: Do you know people around you that own a DMC12?

K.G.: No. The last one I saw in the UK was several years ago. I think this was owned by Mrs Kitty Daly, Joe's widow.

G.M.: What car(s) do you drive now?

K.G.: I drive a Volvo S60, and my wife has a Mini Cooper.

G.M.: According to you, why did DMC went bankrupt?

K.G.: Very simple. John Z planned a public stock offering for DMC in the USA and made forecasts in the prospectus regarding [high] production volumes. The winter weather in 1981/82 was tough, and new car sales tumbled across the US. High production and low sales produced inventories that could not be financed from the working capital. The UK government was unable and unwilling to give more financial support, so the Bank of America and other creditors blew the whistle on DMCL. It was inevitable that DMC would follow.

G.M.: What were the agreements between DMC and the British government? What happened in real?

K.G.: These were a complex set of grants and loans for DMCL tied to the creation of employment targets. I can't recall the numbers, but we did create all the jobs.

G.M.: According to you, who is responsible for DMC bankruptcy?

K.G.: John Z DeLorean – the chairman always has ultimate responsibility.

G.M.: What were the main financial weaknesses of DMC coming from? (*investors' reliability? too much investment? bad cash management?*)

K.G.: I think there were problems in connection with the DeLorean Limited Research Partnership that was created in the USA to start the product design work. The Finance function at DMCL was strong. One big weakness was that DMC [in the USA] was spending cash on new projects beyond the DMC12. Then came the 1981/82 winter...

G.M.: If DMC was a business case for business/executive students, which concept could be taught through the experience of this company?

K.G.: There were many positives to learn from – fast start-up, great factory, innovative product, experienced management team. Negatives were at the top in the boardroom.

G.M.: Some papers say that there were 8,553 DMC12 produced, some people say 9,200... what's your opinion/count? Why?

K.G.: I was in California when production stopped so I am not sure. I always thought the number was around 8,500.

G.M.: Have you been back to Belfast since that period? To the factory?

K.G.: I have not been back to Belfast, although I have many happy memories of working with the people there.

G.M.: Now, 25 years after, what are your main souvenirs of that experience within DMC?

K.G.: I have a photograph of a DMC12 prototype on my home office wall. I have some friends that I keep in touch with. I have some good and bad memories.

G.M.: What could have been done better? In the company? On the car?

K.G.: Focus, focus, focus – on the DMC12 business plan, on the market, on the financial plans, on the quality, on the employees.

G.M.: Would you be ready to go back to work for a car start-up company?

K.G.: I have spent the last 24 years with IT start-up companies. I am ready for a proper job, or just retirement!

G.M.: What are you doing now? Did the DMC experience teach you some special "lessons learned" that helped you in your career?

K.G.: I am now a partner and CFO in West Trax – an IT services company with operations in the UK, US, France and Germany. We support SAP users in their ROI, cost, productivity, and compliance challenges. It was another start-up, but business is now going well. You learn from every experience, and I don't regret my three years with DMC.