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by Sherry Cruz

Q & A with Jon Gray

Market View of Talon [Automotive](#) Chief, OC Auto Dealers Association President

Jon Gray, owner of Costa Mesa-based Talon Group LLC, is the new president of the Newport Beach-based Orange County Dealers Association.

Gray owns three dealerships: Costa Mesa based Orange Coast Chrysler Jeep Dodge Ram, and two new dealerships he opened this year, Orange Coast Fiat in Costa Mesa and Capistrano Chrysler Jeep Dodge Ram.

Gray sat down with the Business Journal's Sherri Cruz at his new dealership in San Juan Capistrano to talk about the outlook for the county's auto dealers as sales continue to trend upwards after one of the worst downturns ever for dealers.

He also talked about his role at the dealers association, his long tenure as a Chrysler dealer and the automaker's future under Fiat SpA.

The Italian company operates Detroit-based Chrysler Group and is a majority stakeholder. Fiat recently agreed to buy the Treasury Department's remaining 6% stake in Chrysler for \$500 million.

Q: What's your aim during your one-year tenure as OCADA president?

A: During some of the crazy times in the past couple of years it seemed like everybody went their separate ways - not that Orange County dealers couldn't always lean on each other, but when a curve ball of this magnitude gets tossed at you, your focus isn't on the industry, it's on your own personal world.

My message to the dealers: to come back together, to remind everybody the importance of OCADA, to remind everybody there's so many things OCADA can do for its dealers. I asked the dealers to recommit themselves now that we're all coming up for air.

Q: What are the lessons of the downturn? Will dealers change practices?

A: It highlighted the importance of operational discipline. There is no room for waste.

This wasn't just a speed bump. Hopefully it's a once-in-a-lifetime event. Everybody got crushed. This curveball was significant enough where it will stick for a while. I don't think anybody is going to get sloppy again.

It definitely highlighted the value of the mutual loyalty between employer and employee. A lot of my employees stood by me, and I definitely stood by them during some not-so-fun times.

Q: How did you stand by them?

A: The environment they work in - it didn't turn into a world-is-going-to-end atmosphere. They still have husbands and wives and kids, and they need to live, as well. It was a matter of needing them to do more but recognizing there is a line - go enjoy yourself, whether it's bonuses or a vacation. You want to make sure your employees are taken care of. They're the lifeblood of your whole business.

Q: How is the relationship under Fiat as opposed to Daimler AG (formerly DaimlerChrysler)?

A: I was with Chrysler when Chrysler bought American Motors, when Daimler bought Chrysler and when Cerberus bought Chrysler from Daimler.

Now Fiat is in charge.

With respect to past executives, they (Sergio Marchionne and Fiat leadership) seem to have an unwavering vision of building a car company based on the strength of a brand not just how many cars can we build as quickly as possible.

Now we're in a situation where we're asking for product, rather than them calling us saying we need to ship you more cars. It's a good vibe right now.

Q: How is the financing situation?

A: Better. A lot better. At all levels of your personal situation there is financing available that wasn't available 24 months ago.

As long as the information is accurate, banks are lending money. Interest rates are so darned cheap. It's wonderful for the consumer. It's certainly good for the dealer. The cost of our inventory is cheaper. That helps us pass on savings.

Q: What prompted you to form your new umbrella company?

A: Talon Automotive Group. My wife came up with the name. I was trying to describe to her how I felt about the company. The Eagle's talon - very American, very strong.

Pre-recession, I felt really strongly that automotive retailing wouldn't be mom and pop stores. You have to have the mass to be able to compete. So I set out to build a mother ship, to be a mutual fund, so to speak, of dealerships. In the event that one location or one brand happens to take a dip, maybe the other six brands were strong enough to offset it. Over a 10 or 20 year period all brands and locations have highs and lows. But if you spread out the risk, odds are the whole thing will be more successful.

Q: What other brands would you look to buy?

A: VW and Audi – I'm a big fan.

A (continued)Hyundai and Kia have a big future.

They're throwing the kitchen sink at the United States market The product is unbelievable. A brand is its product.

Q: Is it a better product or better marketing?

A: Both. If customers show up and the product isn't good, they're not going to buy it.

Q: Are you looking to buy another dealership soon?

A: With two stores open this year, I promise you I'm not looking at anything. We'll look at more next year.

Q: Are you a [car guy](#)?

A: Not at all. I love what I do but I don't need to know who built the bat to be a good hitter.

Q: Will the small-car trend continue?

A: The segment will grow but I don't know if we'll see an entire consumer body change their taste from red wine to white wine. If you're commuting from OC to LA., your car is going to matter to you.

Q: What about hybrid, alternative-energy autos?

A: We're almost on a road of making any size car more fuel efficient. You can't force somebody into a size of a car they don't like.

Q: How's the [auto show](#) coming along for this September at the Anaheim Convention Center?

A: It will be bigger. Everyone's back on offense in super competitive mode. OC is a huge market that has nothing to do with the LA Auto Show. Manufacturers recognize they have to be relevant.