

Lemon Vehicles - The Answer Is In The \$Beans\$

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The real relationship between dealerships and manufacturers, and their customers begins the instant dealerships and manufacturers suspect that a consumer has a lemon. Thereafter all their actions are directed toward making the consumer give up and go away.

This is so unbelievably callous that the average consumer can't believe it's happening. There seem to be no answers to their questions. And anyone who has experienced the endless misery and disappointment of owning a lemon vehicle has many unanswered questions. For example:

If there is a quality problem or a known engineering defect, why doesn't the manufacturer just admit it and do everything possible to correct the problem?

Why don't they just give me another car that does what all the fancy ads said it would do?

Why all the BS?

Why are they doing this?

These are questions from the heart. They are fair questions, which unfortunately almost never get answered. Instead, there is a cruel, even sociopathic aspect to the manufacturer and dealership's response to the consumer's questions.

The label 'sociopath' generally refers to an individual who is incapable of expressing the normal range of human emotions. Another characteristic of the sociopathic personality is that he or she may be an excellent actor (they pretend to care), always appearing charming, calm and collected. If it seems like I have strayed from the point, bear with me.

Regarding the sociopath's charm and 'niceness', remember the last time you talked with a manufacturer's representative? What warm and humane people they seem to be. They were helpfulness and understanding personified, right? But did you get help? Were the defects with your automobile, RV or boat fixed? Did the long saga of fruitless trips to the dealership actually cause something good to happen? Were the dozens of calls to various representatives returned? And when they did call back, did it result in fixes for the vehicles? I will let the reader answer these questions.

I am not suggesting that all the employees of Ford, GM, Mercedes, BMW or any of the other manufacturers are sociopaths. Perish the thought. However, we don't need to be a gaggle of fruitcake psychiatrists to know that all organizations reflect the character of their leaders. This isn't disputable. And it isn't a great leap of intellect for anyone with a higher than room temperature IQ to observe that many manufacturers operate as though they were, indeed, sociopathic. This behavior starts with one or more persons and spreads downward through the organization like a foul poison.

In Shakespeare's King Henry II, when driven to distraction by the Archbishop of Canterbury, Thomas à Becket, Henry said in the presence of his close advisors, "Who will rid me of this meddlesome priest."

Later Henry's "senior management team" met to discuss business. Someone might have said, "Okay guys, pay attention, Henry wants this problem solved and he wants it now!" From that point Thomas was toast. Soon thereafter King Henry's pals murdered Thomas. Henry never said, "Boys, go kill Thomas à Becket, he's a royal pain in the ass. Thomas certainly didn't have the opportunity to argue this particular distinction of moral responsibility.

There is an interesting lesson here, a parallel to modern times. It is not difficult to extrapolate a similar set of circumstances in today's corporate culture where we have level after level of arrogant, vain, amoral graduates of Wharton and Harvard who's only moral imperative is promotion. Quality customer care, any sense of what the purchasers of their products experience day to day is as remote as a star in another galaxy.

We can imagine it going something like this. The word filters down from the top, from the CEOs of Ford, GMC, Mercedes and most of the other manufacturers; "Who will rid me of these meddlesome owners and their constant complaining about defective automobiles. Who will fix my damn balance sheet?" Down through the levels of ambition, avarice and arrogance, the character of the leader is transmuted and translated until it reaches the bean counters, the accountants.

There the justifications of corporate cruelty and avarice are made real. Two choices are placed on the scales of corporate profit and loss. Here are the numbers used to justify an execution of corporate torture you and I wouldn't wish on our worst enemy.

Note: Various studies have found that the percentage of lemons manufactured is between 1% and 10%. In California alone, approximately 1,500,000 vehicles are sold every year. These numbers are fairly conservative.

If the manufacturer handled all of its defective vehicles fairly—such as buying back or providing the customer with a new vehicle—this would be 37,500 lemon vehicles X \$50,000 (approximate total cost of vehicle). This would cost the manufacturer \$1,875,000,000. In case this is too many zeros to comprehend, this is almost two billion dollars. As Senator Everett Dirksen said, “A million here, a million there, pretty soon you’re talking real money.”

Average total cost to the manufacturer to buy back a vehicle:

- \$50,000 Manufacturer buyback cost
- \$25,000 Loss of value to manufacturer due to defects and lemon labeling
- \$5000 Cost to manufacturer of warranty repairs before lemon disposition
- \$2,500 Legal costs to manufacturer aside from attorney fees to settle case
- Approximate Total costs: \$82,500

If we assume that 2.5% (it could be higher but doubtful that it is lower) of all vehicles sold in California are lemons; this is 37,500 vehicles. Currently approximately 2,500 lemon law cases are undertaken every year in California. As the bean counters might say, “Let’s do the numbers.”

Here are the numbers for the manufacturer to settle 2,500 lemon law cases. This would be 2,500 times \$82,500. The cost to the manufacturer is \$165,000,000 million. If I can do these numbers, you can be sure Ford, GMC and Mercedes have people who can do them far better. One can hear the accountant’s conclusion as clear as the thump of the guillotine falling on some pathetic Frenchman’s neck. “Well, there it is boss. There is no profit in settling these cases.”

Accountants and actuaries at the various manufacturers know the actual numbers very well. They know just as the bean counters at Ford knew the Pinto was a bomb waiting to explode and still said nothing as families were burned to death on the highways and byways of America.

The bean counters make their calculations based on the following concept. “If you have a group of consumers, each with a lemon vehicle, how many have the fortitude, the aggressiveness and the know how to go after the manufacturer and get what they are due via the lemon law?”

The bean counters/accountants/actuaries have calculated that far more people give up and go away—that is trade their lemon in for a new vehicle with the attendant financial losses—than those who fight back.

The physical and production reasons why a certain percentage of vehicles are defective from the manufacturer are discussed in another article. What we are looking at here is why the dealerships and manufacturers intentionally make the resolution of the consumer’s troubles with their vehicle so incredibly difficult. If it were simply incompetence, that could be dealt with. Of course, technical skill from dealership to dealership varies, but this doesn’t explain the deliberate process of endless delay, false promises, fruitless arbitration and betrayal of trust. Never was the Yogi Berra truism, “It ain’t over till it’s over,” more appropriate. Perhaps he should have said, it ain’t over even when it is over.

It should be very clear; the answers are in the “beans.” It’s in the dollars and cents. At no point in the process is the safety, the well-being, the endless trials of the consumer ever considered. If ever the consumer needed a motive to dig in and fight it out, here it is. The only way to correct the behavior at the top is to make it financially painful to remove humanity and decency from the equation. Donald Ladew, Staff Writer for Norman Taylor & Associates, is a professional writer and author of numerous articles on quality, customer service issues and many other subjects. This article approved by Norman F. Taylor Esq. For more information about this most important subject, please read Lemon Law - The Standard Reference Guide, Norman F. Taylor Esq. ISBN 0-9760058-0-8 <http://www.lemonattorneys.com> or <http://www.normantaylor.com> For further inquiries, Mr. Ladew may be reached at: donald@normantaylor.com Phone: 818-244-3905.