

RESIDUAL VALUES

Insights & Opinions from Automotive Industry Leaders



"We've built a team based on craftsmanship as the performance standard."

- Bruce Canepa

Founder
Canepa Design
Santa Cruz, California

Interview with Bruce Canepa

What's your backstory?

My dad was a car dealer, so it didn't take me very long to get totally passionate about cars. As a little kid, I remember standing on the front seat of his car – before cars had seat belts – and naming all the cars on the highway. Although I grew up in Santa Cruz – a legendary surfing town – and did a little surfing, I was not a surfer. I played sports in high school, mostly football, but my passion was cars, like all the time, and that's never ended. I had no problem with academics in school; my conduct was the problem. I was just kind of a crazy, wild kid. Riding my motorcycle in school or doing burnouts in the parking lot, I did all that stuff.

Did you work at your dad's dealership?

My dad let me work in his shop when I was about 12, and the first thing I did was sweep the floors. Then I got to wash cars, and then I got to detail cars, and then I learned how to do body and paint work, and then mechanical work. I worked in every department, all the way through sales, and then ultimately ran his dealerships in my late 20s. The lesson my dad taught me is that you have to be patient to learn your trade from the bottom up, and that to succeed you need to have a strong work ethic.

How long did you run your dad's dealership?

I ran it for 4 years. My dad had a typical dealership, buying and selling new and used cars, and servicing them. I had my own passion and vision, and wanted to create a business in more specialized fields. I had a taste of German cars based on trade-ins at his dealership, and after driving Porsches, Mercedes and BMWs, realized there was a big difference in those cars compared to American cars at that time; less so today, but a lot back then. I wanted to expand the business and go in that direction, while dad was trying to slow down and do less. So I went out on my own in 1981, when I was 31 years old. My dad eventually sold his dealership and retired, and lived to be 94 years old.

What challenges did you face when you went out on your own?

Initially, in the 80s and early 90s I had dealerships that sold Porsche, Audi, BMW, Lamborghini and Maserati marques. None of those stores were very profitable, and there were all kinds of issues to stay afloat. It wasn't as much fun as when I had worked for my dad. It was less personalized, and more of a commodity business. So, in the early 90s, I changed direction



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again. I got out of the dealership business altogether and set up a company based exclusively on doing collector, exotic, historic race cars sales, restoration, and custom design projects. There was no model for building this type of business, and it had a lot of challenges. But we learned by trial and error.

How were you able to grow such a different business model?

We grew through word of mouth, based on the quality of our work. To this day, we either do things right, or we don't take the job. Our reputation grew fairly quickly, because people knew that if I bought a car, it was going to be as close to the best as possible, and if I sold a car, it was going to be even better. That's the way we've always done things, and we've built a whole business around that concept.

How do you build and maintain a culture based on craftsmanship?

The most difficult task is finding qualified craftsmen. There are far fewer real craftsmen in the world today, and unfortunately, there's not enough trade schools teaching people the various disciplines correctly. We hire people based on their experience and the references they bring. Most of our new hires love what they do, have been doing it for at least 10 years, and are highly qualified journeymen. But I tell them that they're not going to learn our disciplines overnight. Everyone who works in my shop knows they can

take the time to do a job perfectly. I don't care about getting things done quickly. I want it done right. We've built a team based on craftsmanship as the performance standard.

You're more than a restoration shop. You create things as well.

We create and re-create cars. For example, we'll take a 356 Porsche, and give it 170 horsepower instead of 70, give it GT seats, wider wheels and better brakes. The fun part is that people are driving these cars; not just putting them on a trailer to put them on a lawn to show them. And they want them to be fun to drive. I tell people, "I don't want my 356 Porsche to be blown off by a Prius. I want my 356 to beat that other guy's Corvette."

What's the secret to working with some of the wealthiest and most demanding clients in the world?

There's a lot of different personalities, and most of them can buy probably anything they want; but they can't buy time. So we try to be extremely productive, and that's why we do everything in-house. I might have one guy working on the body, another guy working on interior components, and another guy working on mechanical components at the same time. We don't take a car and send it off to different specialty shops. That's the key to managing these jobs. Our customers want their stuff, and they want it right away; so I do spend a lot of time explaining

what's involved, and why those things take time. My standard advice to clients is, "The last 10% of the job is 50% of the work. So be patient."

How did you get started as a serious race car driver?

I was around 11 years old when I first drove a go-kart, and started racing them in the alleys behind my parent's house. My first real race took place when I was 15 years old, at Watsonville Speedway, a quarter mile dirt track on the Santa Cruz County Fairgrounds. I started in a jalopy that was owned by the body shop manager at my dad's dealership. It was a beautiful '58 all-black Ford, and I crashed and tore it all up on the first night. Over time, I started racing a sportsman car which was a NASCAR-type car; then eventually drove super-modifieds when I was 19, and when I was 25 I drove sprint cars, which were my favorite cars to drive.

I went straight from a sprint car to a 935 Porsche at the time, but the cars were very similar. Sprint cars were around 1,250 pounds and 800-plus horsepower when I drove them, and you're basically sideways all the time in that car, and not driving straight very often. You really learn the ultimate in car control, and how to manage your car with the throttle all the time. I used to joke that the steering wheel was just something to hang on to when you flip over, and you will flip over. I still believe it takes a professional grade driver to drive a sprint car, and is as demanding as any type of road racing.



Sounds like sprint cars don't get the respect they deserve.

Mario Andretti, Parnelli Jones, A. J. Foyt, and all the racing legends went from sprint cars to Indy cars. If you can win in a sprint car and drive one successfully, you can drive anything. Sprint car races are intense, with 25-30 cars driving wheel-to-wheel, with wet dirt and stuff flying around. It takes incredible reflexes and mental discipline, everything, to go fast in those things. You've got to be good to survive. When I moved from sprint cars to a 935 Porsche, all of a sudden, I had a car with a windscreen and visibility, I had brakes and no dirt flying, and a pavement surface. Sprint cars tend to drive with a lot of oversteer and drive fairly loose, and they go real fast. I was already comfortable with all that, so for me, the 935 just seemed like a really sophisticated sprint car.

How do race car drivers deal with fear?

Every driver has different levels of fear. They need to figure out how to monitor it, so it doesn't bite them. I'm totally comfortable in a car, and at high speed I'm really comfortable and pretty relaxed. When things go wrong, there's fear, but it typically occurs after the fact. If I were afraid, I don't think I could drive, honestly. Fear is probably always there subconsciously, but only as kind of a safety net to keep you from going too far. At the same time, if you're an aggressive driver, then you're always testing the limits.

Like all sprint car drivers, I had my share of flips and crashes and injuries. When you race that many races and that aggressively, you're going to have some tumbles in those cars. But there's something inside that allows me to test the limits without tearing everything up to do it.

Is there a race that you passed up, or didn't have the opportunity to compete in, that you regret?

I would've liked to have done the 24 hour Le Mans, and was asked to do it on two occasions. The problem is that my business takes up a tremendous amount of my time. In the 70s, 80s, 90s you could show up on a Thursday, do your practice, qualify, race and fly home Sunday night. Then be back to work on Monday.

Today, whatever the sport is, including racing, it's a full-time job now; not a part-time pursuit. If I really wanted to do Le Mans, I would need a month to go to France, to get comfortable, prepare my mind, and have nothing in the way of distractions. I would not want to just participate; I would want to be successful. I don't like running anywhere but in the front. So I could not race in Le Mans simply by deciding to do it.

If I had the opportunity, I also would have done the Indy 500, because I love speed. In 1982, I drove the March 82G GTP car at Daytona with Bobby Rahal and Jim Trueman. We were going 225 – 239 miles per hour through the banking, driving as fast as that car could go, and there was nothing stressful about it

for me. It was so much fun, I know that Indianapolis was a place I would have loved to have driven.

You hold a Pikes Peak record driving a Kenworth Big Rig.

I was doing Kenworth's design work, and the president of the company asked me if I would race their 1999 T2000 truck at Pikes Peak. We modified that truck so that it drove like a 13,000 pound sprint car. The truck had almost 2,000 horsepower, 4,300 pounds of torque, and got up to 100 miles an hour pretty quickly, which is pretty amazing on a gravel road. I wanted to slide into Pikes Peak's 156 corners, pick up the throttle and have it rotate like a sprint car does on dirt; then pick the throttle back up and keep going without having to nearly stop it at every corner. The first year up there, we took two minutes off the record. If you've seen the video, I drove pretty much sideways all the way up the mountain. We still hold the Big Rig Tandem Axle record for that race.

Your love affair with the 959 Porsche is legendary.

I was fortunate to have access to a 959 in '87 when they were first produced and the car came to the country on a tourist visa. I got to drive it for a year, and at the end of that year, Microsoft's co-founder Paul Allen shipped it to his home in Europe. He told me, "Get one of these 959s for Bill (Gates), because this is a car he could drive." I got a 959 for Bill Gates and the rest is history.



We ended up with about a dozen of them sitting in the foreign trade zone in storage. Then we went through a long exercise trying to figure out how to get them legalized, because they'd never had a crash test or emissions testing in the US. After a whole lot of trying things and a little bit of luck, a rider on the Senate Transportation Bill in '98 made them legal to drive.

From that day forward, we've never stopped developing that car, and still have not found its limits. The 959 was 20-25 years ahead of its time in terms of its suspension and its all-wheel drive system and just everything it did as a car. Driving it was magical. We had lots of room to grow the car, and we did. We are now at nearly 850 horsepower today in our fourth generation of that car. And we've upgraded the suspension, brake systems, power steering, the HVAC system, wiring harnesses, the Engine Management Systems and turbo chargers.

About four years ago, we took one 959 and disassembled the entire car and evaluated every system, and every single component to decide what needed to be restored, and what the shelf life looked like for what was left on it. We wanted to make it better, and yet keep it a 959. I didn't want it to be something different than what it was, because it's still one of the greatest Porsches in the world. So basically, we've either restored, refurbished or upgraded every component in that car in our "re-imagined" 959. We're up to 15 of them now. There are 292 original 959s in the world, and

we're buying and rebuilding them in order to complete our plan to create a limited edition of 50 of these cars.

Do you have a daily driver?

Because of the way we do customer cars, every car that comes into the shop – whether it's a car that comes in for work, or a car that we buy to sell – I'm usually the first guy to drive it. I'll make my first list of things, whether there's an air leak or a rattle; if it's out of alignment; the headlights need adjustment; or the air conditioning is not working properly. I'll put 25 miles on it and come back with my list, then it'll go in the shop, and go through another round of inspections and servicing, as well as an elaborate quality control process and road testing. Then I'm the last guy in the car before it's delivered to the customer. And so, almost every night, I'm driving a different car. It could be a 356 one day, a Ferrari 275 the next day, or Ford GT, who knows. It's fun, but it's also work.

You believe Porsche is the ultimate sports car.

They really are. The first time I drove a Porsche was in 1969 when my dad took a 911 in trade. I got in that car, and took it out on the back roads. I couldn't believe a car could drive like that. I was hooked, even though I couldn't afford to be hooked at that time. But I bought a damaged one and fixed it up, and then another one, and finally got an almost new 911T in my 20s.

There's all kinds of great cars in the world, but a Porsche just does

everything right. Every performance aspect, whether it's acceleration, shifting, turning, stopping, handling, it does all of them really well; not one or two of them, but all of them. There's lots of companies building sports cars, but they started with what I call touring cars, trying to make them into sports cars. Porsche started with building sports cars, there's a big difference.

Do you think electric cars are the future?

I don't believe electric cars are anything other than the political and cultural part of the future. There'll be something a lot smarter than electric cars sooner than later. I don't believe the battery is a practical thing, and it's dangerous to some level. It doesn't allow you to build a car with a well-engineered structure anymore, which is what safety is all about. I also don't think the real savings to the environment are anywhere near what they claim, if you consider what it takes to make and dispose of the batteries.

If you're a manufacturer of high-end luxury cars, whether it be Mercedes, Porsche or BMW, it must be extremely discouraging to know that you're taking the heart and soul out of the car and replacing it with an electric motor. It reminds me of when I was a kid and had slot car tracks. You'd buy your electric motor platform, and then you'd put whatever plastic body on it you wanted. I'm okay with hybrid technology; that's a cool way to do things. If people want to drive electric cars, God bless them, but



it's not going to be me. I'm going to keep driving gas cars.

Your profile on the internet claims that you are retired.

Who believes the internet? I might lock the front door of my business and not answer the phone, but I'm not retiring. I love what I do, I always have, and I'll continue to do it. I come to work at 7:30 am, and I go home at 7:30 pm. I don't go out to lunch. We're busy all day, every day. And as for car racing, I'll drive as long as I'm competitive and as long as it's fun. I always want to be at the front, and when I can't do that, then I'll retire from driving, at least driving from race cars. I'm planning to work on the cars and drive them for as long as I can.

Is there a transition plan, or next generation of family members to run the business?

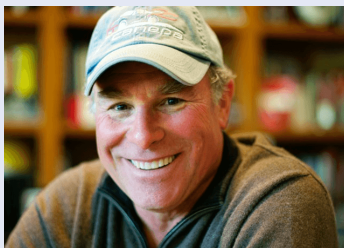
I'm working on that. I'm confident there's somebody out there who loves this business as much as I do, wants to learn about it, has had some experience in it, and is looking for an opportunity to come on board and carry on our brand. We've established a lot of value in our reputation over the past 40 years. People call up and say, "I want to buy a Canepa car." They don't say, "I wanna buy a Porsche, Ferrari, or Mercedes." They want to buy a Canepa car, which is amazing and rewarding.

Do you have any hobbies other than work and racing?

I do now. I have a granddaughter.

Any advice for someone interested in starting a business or following their passion?

In today's culture, everybody wants to be successful in a year. I was still failing 10 years after I started my business. You need patience, a strong work ethic, and persistence. You're going to learn something from every failure, and hopefully, you'll have more wins than failures. And don't do anything unless you're committed to doing it right. Don't compromise. Roger Penske has a saying that I've never forgotten: "Effort equals results." That's totally true in everything that you do.



Bruce's Biography

Bruce Canepa has been fascinated with automobiles, motorcycles, and trucks since his childhood. He started racing as soon as the rules allowed, first in quarter midgets and go-karts, then in super modifieds and sprint cars. In addition to numerous wins in all types of racing cars, he was awarded consecutive "Rookie of the Year" and "Most Improved Driver" in three different race categories. In 1978 he ventured into sports car racing, IMSA and Trans-Am. He finished third overall with co-drivers Rick Mears and Monte Shelton in his first Daytona 24 hour effort.

Since 1980 Bruce has not only piloted powerful race cars, but also managed his own successful automotive companies, Canepa and Concept Transporters. Bruce is very much a hands-on CEO; combining his business acumen, racing intensity, and a focus on detail that has garnered him a worldwide reputation of quality, performance, and style.

