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How the Saturn deal fell apart; default a shock

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"Somebody got cold feet" at French carmaker Renault, said Tom LaSorda.

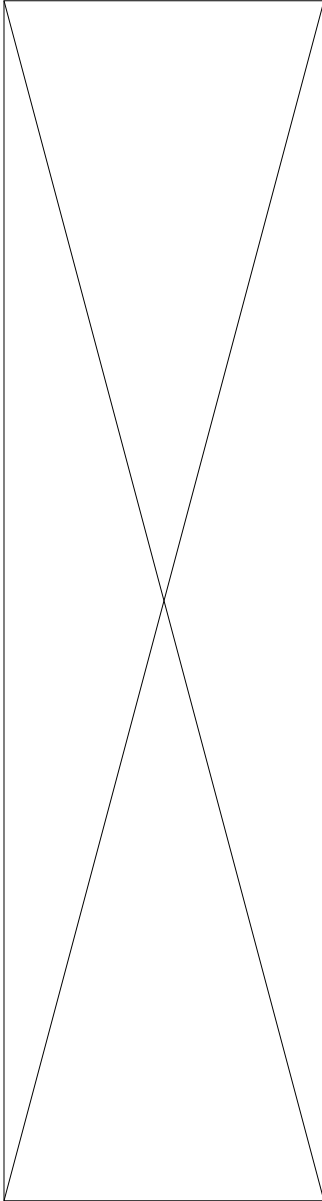
And just like that, the Saturn automobile brand was toast, because Renault suddenly nixed a deal Sept. 30 to supply Saturn dealers with vehicles after General Motors stopped.

Even Roger Penske couldn't save the brand GM launched in 1990 to fight imports.

"We were shocked," LaSorda, the former Chrysler president who was working with Penske in [a handshake arrangement](#), told the Free Press in his first public comments on the aborted Saturn sale.

A joint news statement was drafted for 7 a.m. release on Sept. 30. "So we figure everything's fine, everybody's happy, we had the legal documents all done," LaSorda recalled Tuesday.

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How the deal fell apart

LaSorda and Penske had never seen anything like it.

Penske Automotive Group's purchase of the Saturn car brand from General Motors had just crashed Sept. 30, derailed by French automaker Renault's last-minute balk on a deal to supply future cars to Saturn from South Korea.

"Bottom line, we were shocked," LaSorda, Chrysler's former president, said in an interview Tuesday -- his first public comments since the unraveling of the Saturn sale. LaSorda retired from Chrysler after its April 30 bankruptcy filing and soon joined Penske as a consultant to help line up a future vehicle supplier as part of the Saturn deal Penske was discussing with GM.

By late September, LaSorda and auto racing and retailing legend Penske thought they had pinned down a deal to save Saturn. Renault Samsung Motors, the Korean carmaker 80% owned by Renault, would supply vehicles to Saturn after [GM stopped making them in 2011](#).

GM's board had approved the deal on Sept. 29. Penske's team had planned a series of Saturn dealer meetings in seven locations the following week. They were just waiting for the green light from Renault's high command.

But then, "Roger gets the call from Renault saying the return-on-investment isn't good enough and they're pulling out," LaSorda said. "How could this be? They did the numbers with us. It wasn't like we invented the numbers. Like, you're doing a deal for 4 or 4 1/2 months and then at the end, you're saying your return isn't any good, when you already agreed to all the numbers with us?"

"Somebody got cold feet," LaSorda said, "and called Roger and just said 'Sorry, we can't proceed.' "

Penske's reaction?

"All he said was it was the first time in his 40 years in business that something like this happened. I told him it was the first time in my 32 years something like that happened," LaSorda recalled. "But he said 'Business is business. I mean, until you have a signed deal, you don't have a deal, right?' "

Penske magic fails

When Penske and GM announced that the Saturn talks had collapsed and that 350 Saturn dealers would be closed, many in the auto industry who regard Roger Penske as a miracle worker assumed he would have a Plan B when the Renault option fizzled.

They assumed wrong.

"At the end," LaSorda said, "what do you do? You don't have another backup because, guess what?" Other automakers "are not all lined up to supply you. You can't go to China because nobody's ready, there's too much risk. You can't go to Europe, the euro's at \$1.50, so that's devastating," he said, noting that the currency exchange rate makes importing from Europe prohibitive.

"None of the Japanese want to do it," he added, "and there's nobody else."

LaSorda presumably would have had an ongoing role in a Penske-owned Saturn, but he's now off exploring other projects and said he hopes to work with Penske on something else in the future.

"Talk about a legend in his own time," LaSorda said of Penske. "He just called me up and said, 'Hey, I'm looking at buying Saturn, I'd like you to partner with me. You can do the front end, help me find the great product flow.' ... I said sure, so I shook his hand and said I'll be part of it," LaSorda said.

Neither Penske himself nor Renault officials have said much publicly since the terse announcements of Sept. 30.

"We negotiated with them, but we were unable to reach agreement at the end," Patrick Pelata, Renault's chief operating officer, told Bloomberg News.

And Penske, in a conference call Oct. 30, said his company incurred \$3.3 million in Saturn-related expenses during the third quarter. Renault Samsung was best able to provide the future vehicles Saturn needed, he said. Without another viable source after GM's supply commitment was to expire, Penske said, the company could not accept the risk of moving forward on a Saturn deal without a source of vehicles.

So that was that for Saturn.

"It'll go down in history as being a great brand that couldn't hold up," LaSorda said.

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