

Mercedes-Benz Australia: The first fifty years

The year 2008 marks the 50th anniversary of the official establishment of Mercedes-Benz in Australia. Since its July 1958 founding, Mercedes-Benz Australia has grown from a tiny outpost to the world's 10th largest Mercedes market. In 1961 the brand sold 1481 cars and 335 trucks. This year, the company plans to sell more than 30,000 vehicles from its range of premium cars, trucks, vans and buses.

The following brief story of Mercedes-Benz in Australia is an edited media release from Mercedes-Benz Australia /Pacific



Publicity shot for the 1972 release of the 280E

THE 1950s

Think of Mercedes-Benz today and most people think of cars. But when the company was founded here 50 years ago, in an economy 'riding on the sheep's back' and major infrastructure projects, the brand was being largely experienced by farmers and truck drivers. The first national dealers meeting, in 1954, were for truck dealers.

From 1953, importing a car from overseas required an import licence from Canberra. The imported car market was small. Between 1952 and 1955 an average of only 200 Mercedes cars and 50 trucks were sold each year.

World War II had only ended in 1945; rationing didn't really end until 1948. There was residual resentment towards German cars, as there would be in the 1960s with the first Japanese cars. By 1955 the only prestige German cars on the market, apart from Mercedes-Benz and Porsches, were from Borgward. Other German marques such as DKW, Goggomobil, Goliath, Lloyd, NSU and Opel were available but in small numbers. Mercedes-Benz cars were competing with Jaguars and Rovers from England and with the glamorous Chevrolets, Pontiacs and Dodges from the US.

But Australians have always loved motor sports where Mercedes was a star overseas, and admired beautiful Mercedes car models like the 1954 'Gullwing', and Daimler-Benz (DBAG) executive Willy Zeh, who'd come to Melbourne in the early 50s, saw the market potential for the brand downunder.

Zeh persuaded DBAG's Stuttgart headquarters to set up a central office in Camberwell, Victoria in 1955. The team was led from 1958 by Dr Werner Friedlander, and inspired by some keen car dealers. Dietmar Haug, a senior MB executive in Australia (1960–2000) says Friedlander was "a thinking person, and good with figures" who pioneered the idea of bringing car parts to Australia for assembly. But where?

Enter Allan Hodges Cheetham, veteran of two world wars, retired CEO of Standard Motor Products (Standard)

and a Leongatha, Victoria, sheep farmer. Having met Cheetham through a Standard executive, Friedlander retained him as an adviser. And, as luck would have it, Cheetham's former company had excess capacity at its Port Melbourne plant where it made Vanguards, Triumphs and Fiat tractors.

Cheetham saw the sense of assembling MB vehicles and selling them through Standard's wholesale and retail operations. He and a Standard sales executive, Keith Horner – later to be the famously aggressive sales boss of Ford Australia – went to Germany and secured the rights to assemble and distribute the three-pointed star in Australia.

That deal with Stuttgart led to the founding of Mercedes-Benz Australia Pty Ltd (MBAU) on 30 July 1958, two-thirds owned by Standard and one-third by DBAG. The company was born. Its aim, said the press statement, was to "in a step-by-step manner assemble the Mercedes-Benz vehicle model range, with an emphasis on heavy trucks ... and promote the export possibilities to countries of the South Pacific Region".

In 1959 Standard changed its name to Australian Motor Industries (AMI), German technicians arrived to train workers to assemble MB cars and Cheetham was appointed MBAU Managing Director. On 12 February 1959, the first MB car – a 220 S sedan – came off the AMI line into the arms of Victorian Premier Henry Bolte who was photographed holding its three-pointed star. The brand's former limited distribution through independent distributors was set to expand, leveraging off AMI's network.

THE 1960s

Cheetham appointed 10 MB distributors and, with dealer input, established the capital city flagships – Lanes Motors in Melbourne (December 1961) and Sydney's York Motors (December 1962). In 1964 he appointed his assistant, Dietmar Haug, as Car Sales Manager.

Until 1965 MBAU continued assembling cars at AMI in Port Melbourne. Between 1959 and 1965 it turned out almost 7500 MB cars – 190s and 220s with local seats and trim, batteries, tyres and paint – blue, green, black and three shades of grey.



The assembly line in 1960

MBAU's first service instructor at the AMI plant, now 90-year-old Jack Mawdsley recalls Cheetham as "a tough boss". Dietmar Haug says three qualities underpinned Cheetham's success.

"First, he was very thorough and hands-on," Haug says. "When we were assembling cars he had his own man on the production line, verifying that every car was spot on. He'd look at every payment that came in and sign every cheque that went out. Secondly, he was a great marketing guy who developed the system of distributors in every state. Thirdly, he had great business sense. One example was his decision to stop assembling cars here."

That decision was made in 1964, when AMI planned to survive by assembling Toyotas and the federal government tightened local content rules, and production was wound down in 1965. "It was the right decision because the government's local content laws demanded Australian-made product in manufacturing – meaning we couldn't maintain the integrity of our product," Haug says. The ensuing imports included the 230 SL 'pagoda roof' Mercedes launched here in 1964.

Commercial vehicles were boosted by the 1965 arrival of the legendary LS 1418 truck, followed by the first MB bus in 1969. In 1962 truck assembly moved from AMI to a nearby Lanes Motors facility, and in 1969, to Volkswagen's Clayton factory.

By 1965 MBAU had 22 people at head office, in St Kilda Road. Aware of future growth potential, in late 1969 Cheetham bought MBAU's first land in the new Mulgrave industrial estate off Springvale Road in Glen Waverley. Building immediately began on a national parts warehouse, service workshop and school and administration building.

THE 1970s

MBAU staff started moving to Mulgrave in July 1970. In 1970 an unprecedented 1038 commercial vehicles were sold and MBAU started expanding its national dealer and servicing network to meet truck fleet needs.

Hans von Brockhusen took over from Cheetham in 1972 after more than a decade in North America. 'Brocky' wanted to increase the factory's control over MB distribution and improve the company's media relations. He achieved both objectives well before handing over to Bernt Schlickum in 1984.

A tall German aristocrat, army conscript and Russian prisoner of war, Brocky was also known for his charm which he applied to motoring writers at the company's first national press launch for the W123 280 E range at Thredbo in June 1973. In 1977 von Brockhusen bought more land at Mulgrave for a truck assembly plant and new administration



building. The then-Prime Minister Malcolm Fraser opened the plant in February 1978 and lunched with the workers.

Brocky also used the brand's stellar racing history to attract public attention that year by bringing Grand Prix world champion Juan Manuel Fangio to Australia to celebrate the 50th anniversary of the first Australian Grand Prix.

THE 1980s

On 15 October 1981 the federal government announced its \$67 million purchase of 1295 locally assembled Unimogs for the Defence Department – the largest military purchase of the decade. Another triumph was the arrival of MB cars with the new anti-lock braking system (ABS) – standard for the first time on the 380 SL and optional on the S-Class in 1980 – and new-era driver airbags, which became an option in all MB cars from 1981. But the absolute highlight was the W 126 S-Class 280 SE/SEL and 380 SEL winning the coveted *Wheels* magazine's 1981 COTY award, the brand's first COTY win.



An army Unimog in action

In 1984, von Brockhusen handed over to Bernt Schlickum at the first annual National Dealer's Conference, an event Brocky believed marked his success in bringing the factory closer to the dealers, and retired in Melbourne. Schlickum, who'd fled his Iran sales posting after the 1979 Iranian revolution, arrived in Melbourne in 1981 as Brocky's Deputy Managing Director. He'd been here for two years in the early '70s studying the entrails of this relatively small but important export market.

1986 saw Fangio's return and the Sydney arrival of the two 'Popemobiles', based on the 230 GE (which had been handed over to the Pope in Rome by the company's current CEO, Wolfgang Schrempp when he was posted there), for John Paul II's visit. But it wasn't all beer and skittles. In 1986 Canberra introduced a luxury car tax above a set retail threshold, coupled with Fringe Benefits Tax on company cars, making life difficult for new Mercedes-Benz models.

In 1989 Schlickum celebrated the achievement of one his goals when the first of the non-Mercedes-Benz trucks, the US Freightliner FLC 112, rolled off the Mulgrave line.

THE 1990s

With the federal government beginning to roll back import duty by 2.5 per cent a year under the Button plan in the mid 80s, Mercedes-Benz stopped local truck assembly, moving to fully imported trucks which, by the end of the decade, included the award-winning MB Actros along with American Freightliners and Sterlings.



Truck assembly in the 1970s

This decade Mercedes changed its model nomenclature so that letters preceded numerals, which made more sense given the enormous array of models that was to follow. For example, the 320E became the E 320 and the 'E-Class' was born. These included the second-generation E-Class range with its distinctive new headlights, the revolutionary A-Class, and the M-Class.

The corporate highlight of 1996 was the establishment of Mercedes-Benz Finance (Australia). In 1997 MBAU changed its name to Daimler-Benz Australia/Pacific (DBAuP) – an umbrella for MB, SsangYong, Freightliner, Sterling and its finance arm – and 4 December was the official opening of the company's new \$8 million Mulgrave headquarters.

On the car front, Schlickum was securing partnerships with distributors and dealers in every state by taking equity in them, preferably 51 per cent stakes, and

increasing dealer standards. Meanwhile, in 1998, the new Vito and Sprinter vans arrived

Schlickum continued to woo the motoring press, including a trip to Germany in May 1998 for the global launch of the new W220 S-Class range, which won the 1999 *Wheels* COTY award. With the press in Germany, DBAG dropped a bombshell – its \$A43 billion global merger with the US-based Chrysler, spearheaded by DBAG's then-Chairman Jürgen Schrempp. The rumour had been around but the press was sceptical because the companies had such completely different corporate cultures. DBAG wanted a foothold in the lucrative US market; the struggling US Chrysler was looking for help. Together as DaimlerChrysler they became the world's fifth largest automotive company.

2000–2008

MBAU staff, just comfortable in their Daimler-Benz Australia/Pacific (DBAuP) seats, now faced the transition to DCAuP. Schlickum prepared to build an extension at Mulgrave to house the Chrysler people by March 2000 and tackle the enormous task of integrating the two companies' IT, market research, parts distribution and accounting systems.

The normal DBAG retiring age was 60, but Schlickum asked for another 18 months to bed down the massive changes. He retired on New Year's Eve, 2000, to move back to Berlin, succeeded by Roman Fischer as DCAuP CEO in 2001. Fisher took over just as DCAuP launched its high-tech national parts distribution warehouse in Laverton, Victoria.

The car front was marked by a plethora of new models, model facelifts and range expansion. Highlights included the 'smart' brand, and the first CLS, R-Class and B-Class.

Meanwhile, the integration of DBAG and Chrysler continued. Ernst Lieb succeeded Fisher, who returned to Stuttgart in 2003, and says his greatest challenge was "integrating all brands to create a single DaimlerChrysler company with a unified spirit and joint set of goals". Lieb handed over to Wolfgang Schrempp and moved to run North America in 2006. Although, as Lieb says, "we nearly doubled Chrysler sales volume" here, globally the merger unravelled.

On 15 May 2007 DBAG announced its sale of Chrysler to the private equity group, Cerberus. Later that year, the DCAuP name in Australia changed to Mercedes-Benz Australia/Pacific (MBAuP).

2007-08 brought three major MBAuP victories: the C-Class won the 2007 *Wheels* COTY award the company was appointed Preferred Supplier to the Australian Defence Force, negotiating to supply and maintain 1100 G-Class vehicles and won the huge Australia Post contract (from the incumbent of more than 20 years) to replace all of its iconic red mail vans with Mercedes-Benz Sprinters.

These wins were a reminder of just how established the three-pointed star has become in this country since the formation of MBAU half a century ago.

Mercedes-Benz Australia's 50 years Gala Celebration

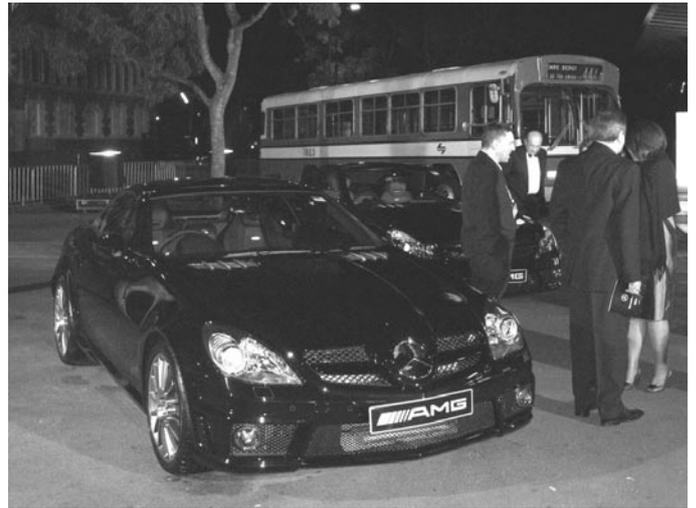
The invitation arrived in a fancy envelope, for me to join in this big event, to be held at the Horden Pavilion in Sydney on Tuesday 12 August, starting at 7pm - Dress is Black Tie.

Now there was a challenge. My suit is navy blue, and I had a bluish bow tie. Enter a phone call from my mother in Adelaide a few days later, when I told her a little about the "posh do" I was planning to attend. The answer was simple, she said - "It's time to shout yourself a new suit." Also, I would have to take a day off work as it was not a weekend event. But, for the sake of the Club, I accepted the invitation and off I went and got myself a new black "bag of fruit" complete with black tie. I would drive up to Sydney in the arvo, a quick change at my brother's place, where I would stay overnight, then drive back Wednesday morning. Simple, especially when my brother offered to drop me off and pick me up so I could indulge in a glass or two. Pity he still favours the mob from Munich, but at least it's German. Others would be seen arriving in hire cars with a blue oval badge.

The big night arrived and I joined the throng of dealers, customers, company dudes, etc having to walk past a couple of nice black AMG models and a classic bus plus a jazz trio to get in the door. Once inside, I tried to mingle as though I knew what I was doing there, and soon bumped into Tony Farrugia and his wife Cathy. Soon after, the figure of Jeremy Ludlow, the WA President, loomed over me - he is rather taller than myself. I found my table (table 1) and there met up with the SA President, Jim Metcalfe, and his wife Nina, and John Green along with Martin Kass and Alex Holland (all members of the ACT club). I also "bumped into" Lindsay Fox (of the LinFox transport and Fox Car Museum in Docklands fame), who happened to be chatting with Dr Dieter Zetsche (Chairman of the Board of Daimler AG and CEO of Mercedes-Benz Car Division), who had "popped" in from Stuttgart, via the Beijing Olympics, methinks. I found Dr Z to be a most friendly, approachable gentleman.

The program was a free-flowing elegant dinner interspersed with a few speeches, none too long, from Ken Matthews (M-D Commercial Vehicles Mercedes-Benz Australia/Pacific), Dr Michael Witter (Ambassador for the Embassy of the Federal Republic of Germany), Wolfgang Schrempp (President and CEO of Mercedes-Benz Australia/Pacific), and the afore-mentioned Dr Zetsche. After the speeches, Wolfgang Schrempp presented Dr Zetsche with a huge jar of Vegemite as a memento of his visit to Oz. Dr Zetsche commented that he had tried it at breakfast that morning.

To keep things moving along, there was an adequate provision of suitable wines and bubbles, and a cabaret-type entertainment, featuring Kate Ceberano and Troy Cassar-Daley. In all, a very pleasant evening for the 600 or so guests of Mercedes-Benz and a suitable way to celebrate the achievement of 50 years for the "Mercedes-Benz Australia" company, whatever the official company title has been over that time. Recognition was given to the car clubs as part of that history, noting the progress in the current models, and looking forward to the continued prosperity for the future.



CLK55, SL63 and O305 (the bus)



The boys at table 1



Dr Z and his vegemite



Club presidents are a thirsty lot

I am honoured to have been able to represent our club at this important event. *Lynn Harrison*