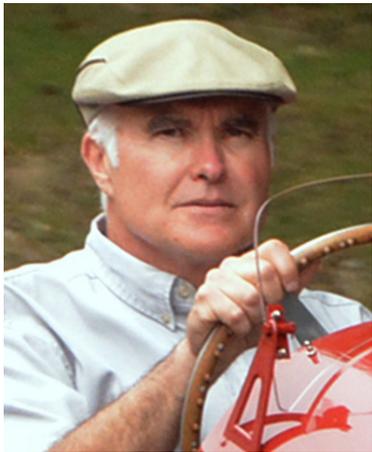


RESIDUAL VALUES

Insights & Opinions from Automotive Industry Leaders



“The way you build a culture of craftsmanship is by allowing people to do the job properly.”

– **Paul Russell**

Owner/Manager
Paul Russell and Company

Interview with Paul Russell

How and when did your passion for cars begin?

My dad was an engineer who came up through the ranks working in a machine shop in the pulp and paper industry. He started as an apprentice, then worked in the drafting department, then in the design department, and then as head engineer at the company he worked for. We spent time together working in our garage or basement workshop, fixing things around the house, and working on the car. My dad prided himself on teaching me the proper use and care of tools. He also taught me to work to a high standard. I remember him saying, “If you’re not going to do the job right, then don’t even start the job.” He always felt that there was a right way, and then a “don’t bother” way. Those values were deeply instilled in me, and they are also reflected in my business.

I was curious about cars at a fairly young age, and remember walking home from school and peeking inside garages. In high school, a friend’s father owned an Austin Healey, and my friend was allowed to drive it. Riding in that car was a revelation for me, because it was the first time in my life that I realized that cars could be a source of entertainment, and not just for transportation. It was the Austin Healy that sparked my interest in cars, and I vowed I was going to own a Bug-Eyed Sprite at some point, which I eventually did.

When did cars become the focus of your career?

I started messing around with cars as a kid, and would buy a few junkers for a couple hundred dollars to make one good car out of the parts. During that time, I was going to college studying civil engineering, and took a side job as a trainee mechanic for small 2-bay independent garage. I enjoyed the work so much that I eventually quit school to work there full time; much to my parents’ displeasure. In making that decision, I remembered an earlier conversation I’d had with my dad in our basement workshop where he had confided that although he had a successful managerial career, that his happiest days had been in the machine shop, working with his hands, as opposed to pushing a pencil. So when he was giving me grief about leaving school, I said, “Dad, don’t you remember telling me how happy you were working at the shop?” He replied, “I didn’t know that you were listening.” I didn’t finish college, but was fortunate to get a good high school education, and did well academically.

How did you get started running your own shop?

Following my start as an apprentice mechanic, I worked at a BMW dealership and a Mercedes Benz dealership. In the 1970s, those imported cars were all the rage, and the dealerships could not get enough cars



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RESIDUAL VALUES

Insights & Opinions from Automotive Industry Leaders

to sell. The service shop was seen as a necessary evil, and dealers were not making investments in that area. There were factory schools where they should have been sending young guys to train, but I couldn't get anyone to send me. It was frustrating.

In 1973, I took a job as a mechanic at a Mercedes restoration shop in Marblehead, Massachusetts that focused exclusively on Mercedes from the 1950s. Restoration work is labor intensive and not all that lucrative, so the owner eventually decided to focus exclusively on buying and selling vintage cars. He split the business and put the restoration business up for sale in 1978, and I raised my hand to buy it. It was a good place to get started in business, and there was already a couple of ongoing jobs in the shop when I took over. We stayed together for 5 years, and at that time I did exclusively mechanical work. Many of my customers wanted a full restoration, so initially we would subcontract out different parts of the job. But that process was too disjointed, too expensive, and took too long to complete a restoration. So we moved to a larger location where we could handle all of the restoration components under our own roof, and some of those subcontractors came to work directly for us. That's how Gullwing Service Company began to operate as a full-fledged restoration shop.

What prompted you to change the company's name from Gullwing Service Company?

We were contacted by Ralph Lauren, the fashion world icon, who had purchased a 300SL Gullwing from the used car department at Mercedes Benz Manhattan. The manager there had recently read an article that had been written about us, entitled "Craftsmanship Lives," in the Mercedes showroom magazine, and he recommended that Ralph contact us to restore the car.

I came to New York City from Boston to look at the car and to better understand Ralph's goals for the restoration, and he was surprised and impressed that I would make that trip just for that purpose. That project began what has become a long relationship with Ralph, and we have restored 16 or 17 cars for him over the years, including the Bugatti 57SC Atlantic, a Mercedes SSK Roadster and an Alfa Romeo 8C 2900B Short Chassis Spider, which was one of only 4 that were built. That relationship with Ralph was an important turning point for us.

At one point, Ralph asked us to take on a project that involved restoring several Bugattis he owned in England, and that's when we started to depart from Mercedes of the 50s. I had developed an interest in pre-war coach-built cars with different technology, such as wooden body frames. These are cars that were built in lots of twos and

threes, as opposed to hundreds or thousands. So I was looking forward to pushing backwards from the 50s into another decade. In fact, Ralph was the one who suggested that I put my own name on the company, right after we had taken his Bugatti Atlantic to Pebble Beach. We thought about it for a while, and made the name change official in 1990.

Craftsmanship is the cornerstone of your business. What's your definition of that term?

Craftsmanship involves skill, combined with the confidence gained from knowing the technicalities of the process you're undertaking. It also involves a very high level of thoroughness. Craftsmanship starts with competence, but implies a certain level of artistry. The artistic side involves the application of the confidence and thoroughness in a way that is sensitive to the time and history of whatever you are working on. Craftsmanship is instilled as part of the culture of our shop. I frequently hear my staff say, "This is how it's done here." They see their work as something that's unique. There are no shortcuts.

The way you build a culture of craftsmanship is by allowing people to do the job properly. It's a fallacy that there are no good craftsmen anymore. The problem is that there aren't very many places that will tolerate good craftsmanship. They don't allow



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RESIDUAL VALUES

Insights & Opinions from Automotive Industry Leaders

craftsmen to do their jobs properly because the thoroughness necessary for craftsmanship to occur requires having the proper amount of time. We believe that if you have enough time to do a task over, then you have enough time to do the task correctly in the first place. We are extremely grateful to have clients who allow us to work to a very high standard. Obviously, price matters to everyone, regardless of how wealthy an individual is. But in the hierarchy of what's involved in assessing a job, it's always quality and authenticity first, and cost second. In the long run, clients always come out in a better place owning the best of the best.

You claim to “restrain the urge to make cars like new.” Can you explain that philosophy?

In our business, the word “restoration” has many different meanings to people, but most often it implies “better than new.” When we restore a vehicle, first we seek to understand and be sensitive to how and under what circumstances the car was built. Then try to get the car as close as possible to what “new” was really like at the time the car was built, and not better than new. I admit that with our typical restoration of the 80s or 90s, there were some cars that we restored that were better than new, in terms of fit and finish and performance. But we've grown in our understanding and appreciation of what an

authentic restoration means by continuing to learn how cars were really made, and reeling it in, to restore cars to reflect how they were made to begin with.

Do you care if your clients actually drive the cars you restore for them?

I always prefer to have people drive cars, rather than having them be part of a stationary collection. We restore all of our clients' cars to a very high degree, and that includes the drive train and brakes. It depends on the project, but typically we test drive client cars at least 250 miles, and sometimes 350 or 400 miles to make sure that the car functions as it was originally designed. In some cases, the restoration involves using reproduction parts when originals are not available anymore. These need to be tested, and you are only going to be confident that everything works properly by test driving the cars. I would love it if all of my customers also drove their cars in the manner and spirit in which they were intended, because their car is ready for that. That's our philosophy, and part of what clients receive when they engage us.

People who are not driving their vintage cars are missing a significant part of the ownership experience. These cars are much more than architecture. The truth is that a VW Jetta handles better than a Ferrari California Spyder. But the Jetta is no match for the visceral experience of driving the Ferrari.

Is there a limit to the number of restoration projects that you work on simultaneously?

This is a big factor in craftsmanship, and we typically have between 4 and 6 full-blown restorations at any one time. It's become more of a scheduling challenge nowadays than it was 15 years ago, because Pebble Beach has become such a huge endeavor and everyone wants to be there. We used to enjoy the fact that out of our 4 -6 restorations, 2 or 3 cars would come out every 6 months; now it seems as though clients all have the same deadline. We take deadlines seriously and work hard to keep jobs moving along, and to keep everyone happy. To accomplish that we sometimes have to add staff or work 6 days a week, but that never affects the quality of the job.

The body-off restoration process is extremely complex, involving multiple functions and parts of the car. How do you coordinate all of the physical, financial and client communication tasks?

Each car has its own core team, and team members are sometimes on more than one team, but they all have specific roles to play in each project. Each project has a dedicated crew chief, and typically he's the head



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RESIDUAL VALUES

Insights & Opinions from Automotive Industry Leaders

mechanic, and who supervises the job. There's also a chief metalworker, and a body specialist, an upholsterer and parts technician involved in all projects. We also have a production coordinator who helps communicate with clients, and sends them pictures of their car at least once a month. We have regular team meetings to review where we are, and what's necessary to stay on the time line. We have a full-time tool and die maker, and a team of body guys in the metal shop ready at all times, so that there's no slack time between departments.

With vintage cars that may have had various owners, its hardware has often been changed or lost, and it can be difficult or impossible to put it back together with the same hardware that Porsche or Mercedes used back in the day. So getting the car's replacement hardware prepared with all the right plating and finishes, and with proper markings on the bolts, is a complex project that has to be accomplished months before the car comes into the mechanic's area for final assembly. There's a lot of coordination and communication required for every project. The reason it all works is that we have an excellent, dedicated staff.

Are there types of assignments that you always turn down?

Sometimes we get calls from people who don't even own a car yet; who say they would like to

find and own a certain type of car. We begin those conversations by asking them what they want to accomplish when they are done. There are many people who enjoy cars, but don't enjoy an 18- or 24-month restoration process. They're not mentally prepared for all of the unknowns that you face in this kind of endeavor. It's like restoring an old antique house. Standing in the front yard looking at it, there is no way to tell everything the old house may need. They have to be willing to have faith and go along with the process. Some other customers would be happier and better off to simply buy a great car and drive off into the sunset right away. We also avoid potential clients who are much more concerned about the price of the restoration than they are about the process or the level of quality.

Can you provide some background on McPherson College and your involvement with that school?

I became involved with McPherson College about 15 years ago when I was invited to visit the school to see its automotive restoration program, which I thought was very impressive. The school invited me to join their advisory board, and I've served as its chairman for the last few years. McPherson is a liberal arts school with around 650 students, and 130 of them are in the automotive restoration

bachelor's degree program. The school's mantra is that "we teach liberal arts that you can make a living with." Restoration students go to McPherson to get an education in something they already know they want to do; and are not trying to figure out what to do with their lives. At this point, because the automotive program has become recognized nationally, the school can afford to be selective. Students must have a portfolio of projects that they have already completed, before they get accepted. It's a pleasure for me to be involved with the school.

Is research regarding a car's provenance always a part of a restoration assignment, or only when it's important to the owner?

We need to understand the provenance, and it's always part our restoration process. Provenance is extremely important, and ultimately affects the value of the car. There are diverse aspects to provenance: How many cars did they make? Who made the car? How was it built, in terms of the materials, techniques and technologies used? When was it made? What's the chassis number? Who owned it? What changes have been made to the car? We have a full-time resource manager who collates all of the research and material that we collect on a car. He puts together the information in a highly usable format that



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RESIDUAL VALUES

Insights & Opinions from Automotive Industry Leaders

the project team has on the job, so that they don't have to pore over historic documents. It's presented to them by categories in a notebook, that we call the "decision book," which contains some pretty serious minutia regarding every possible aspect of the car. For example, the book will explain what type of stitching should be used on the carpet binding, so that when our upholsterer gets to doing that part of the job, he has all of the information he needs. When a car is completed, all of that information goes into the presentation book for Pebble Beach or other competition. We also put together the car's "restoration story" in a small hardbound book, so that the owner can enjoy all of the details of the restoration process. This photographic essay, depicting the step-by-step process, documents and validates the authenticity of the car.

Any "words of wisdom" for aspiring vintage car collectors?

Many people ask me, "What car should I buy?" which I find to be a strange question. My answer is that people should buy what they love. People also should know, at the outset, what they want to do with the car. Sometimes we have to read between the lines when a customer tells you what he wants. We have a great customer who told us at the outset that he enjoyed driving cars, and was not a "concours guy." So we recommended a very nice street car, but he kept coming back to fix minor issues with that car.

We eventually realized that he was a perfectionist who wanted a 100 point car to drive. He turned out to be a meticulous planner who, in fact, is a "concours guy." We've had cars for him at Pebble Beach for the past 4 years, and he is already working with us on cars he plans to show there over the next 3 years.

Do you have any cars in your private collection that you would never sell? What's your daily driver?

My winter car is a Toyota pickup truck, but in the summer I drive an untouched 1973 BMW 2002tii from California with 56,000 miles, which I paid a little too much for. That car is in excellent original condition, because I don't have time to restore my own projects. I also have a 1959 356 Porsche coupe with a sun roof that my wife claims is her car, and a 1953 Ford F100 pickup truck that I bought from the original owner in Arizona. Several years ago, I got it in my head that I just had to experience a 100 year-old car, so now I also have a 1916 Stutz that I hope to have out touring later this season.

Your firm offers its 40-year reputation as a performance guarantee. Have you had customers who are unwilling to engage the firm without some type of written assurance?

No client has ever demanded a written guarantee. We're human and they are old cars. Sometimes things break and sometimes there's a human reason for it. With respect to performance guarantees, one of the smartest things I ever did was when we restored an aluminum Gullwing for a customer in Texas. He came to Massachusetts and drove the car back to Texas, and by the time he got there the car was not running well. I couldn't diagnose the problem over the phone, so I hired a truck to pick the car up in Texas and to bring it back to my shop, where we diagnosed and fixed what had been a faulty injection pump. Then I sent it back to the owner in Texas, without any charge to him. The word spread pretty quickly in his Gullwing owners club that we stand behind the work that we perform. That's what builds trust and confidence in the marketplace.

Being located so close to Boston, is it safe to presume that you are a Red Sox fan?

I am a fan, but I'm not as avid as some of my neighbors. I follow the game pretty closely, and go to a few Red Sox games a year. I enjoy studying the parallels between running a business and managing a sports team, because both involve a group of skilled and highly motivated people. In both cases, you're trying to get them all on the same page and moving in the right direction to embrace and practice the team's philosophy.



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RESIDUAL VALUES

Insights & Opinions from Automotive Industry Leaders

Is there a next generation of Russells involved in the business?

My kids have followed their own passions. My daughter teaches English in Shanghai, and my son is a paramedic in Washington, D.C. He likes cars but doesn't want to do this for a living. Internally, we do have another generation that's coming up. We recently celebrated our 40th anniversary as a company, and we're making plans for the next 40 years. I've always paid attention to the demographic mix within the shop, making sure we have a good combination of experience and youth. For example, there's a guy I recently hired who is 22, and the guy I hired before that is 72, with 50 years of experience.

He specializes in gear boxes and differentials and also taught automotive engineering for 7 years. He's a great teacher and communicator and I didn't want him to drive off into the sunset, and take all of that experience and knowledge with him. So we are preparing for a transition. I'll be 68 in a couple of months, but I'm going to be around for another 5,6 or 7 years, and I will make sure that all of this institutional knowledge does not go to waste.

Any insights into your personal life?

In this business, I get to travel to some great places, and whenever possible, I try to take my wife. I

enjoy traveling and have taken a couple long motorcycle trips. My son and I took a high alpine motorcycle tour through the Italian and Swiss alps after he graduated from college, and a few years later my daughter and I went on a motorcycle trip together for a week in Norway.

I don't play golf because it takes too much time. We live in a small coastal community, and there is a tidal river that comes into the center of town. I own a small boat, although I don't use it too often, when I do go out on the water, I find it really relaxing. There's nothing like taking the boat out on a Sunday morning, tying up to a mooring, and reading the paper while you're bobbing around.

Paul Russell Biography

Paul Russell and Company has been specializing in the preservation and sales of 1960s and earlier European classics since 1978. A small company of twenty-eight craftsmen and support staff operate out of a 38,000 square foot state-of-the-art facility, applying their mechanical, upholstery, body, coach building, machining, parts, and materials experience on Mercedes-Benz, Ferrari, Porsche, Bugatti, Alfa Romeo, and other fine European collectibles. They consider themselves to be caretakers of automotive history, and, as such, take the time and perform the research needed to determine the best service or restoration approach for

each individual car. This attention to detail has resulted in over 45 Best of Show honors, plus numerous other awards and recognitions.

Paul is a Chief Class Judge at Pebble Beach Concours d'Elegance, Cavallino Classic, and Ferrari Club of America Nationals; is National Advisory Board Chair for the McPherson College Automotive Restoration Program; and is an active member of the SAE Historic Vehicle Technical Standards Committee, International Chief Judge Advisory Group (ICJAG), International Advisory Council for the Preservation of the Ferrari Automobile (IAC/PFA), and the Society of Automotive Historians. In 2016 he was awarded an Honorary Doctorate of Applied Arts from McPherson College.



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