

Financial crunch is speeding big layoffs at NASCAR teams



Wilfredo Lee / Associated Press

NASCAR pit crews stand for the national anthem before the start of the Ford 400 at Homestead-Miami Speedway on Sunday. NASCAR next heads into an offseason of turmoil, with hundreds of team members expected to be laid off this week as car owners adjust to the economic crisis.

Associated Press

Published: November 17, 2008

CHARLOTTE - The glitz and glamour surrounding NASCAR's championship-deciding race roared on at Homestead-Miami Speedway as if nothing was amiss.

Lucky fans still lined up for their pre-race garage tours, celebrities and CEO's crowded pit road and the champagne flowed following Jimmie Johnson's record-tying third consecutive title.

Yet it felt a little flat.

Above all the pomp of Sunday's season-finale hung an air of uncertainty and, in some cases, sheer panic. Team members quietly passed around resumes, looking to latch on at stable organizations. Others worried that the checkered flag at the end of the race would also signify the end of a steady paycheck. Mass layoffs are expected throughout the NASCAR world this week, as team owners from all three national series adjust to the economic crisis. It's difficult to say how many will be put out of work, but some guess as many as 1,000 will lose their jobs.

The cutbacks are most evident at the top-level Sprint Cup Series, where layoffs began a mere two months into the season when BAM Racing stopped showing up at the track. Then Chip Ganassi let 71 people go when he cut down to two cars in July.

The numbers have steadily grown since, reaching all the way to the elite teams of NASCAR.

Hendrick Motorsports, Roush Fenway Racing and Joe Gibbs Racing — three teams that combined to

grab nine of the 12 spots in the Chase for the championship — have all gone through a round of layoffs in the past month.

It all paled to last Wednesday, when Dale Earnhardt Inc. gave pink slips to 116 employees so it could ease the way for a merger with Ganassi.

"It's gut-wrenching to make those decisions," DEI president Max Siegel said.

Several other teams will probably share that experience this week.

Sponsorship woes have put famed Petty Enterprises and the Wood Brothers on shaky ground, while the bottom might well be about to drop at Bill Davis Racing. The team won the Truck Series championship with Johnny Benson on Friday night, but the owner struggled to muster even a small celebratory smile.

"The entire economy, worldwide, is something that I don't think many of us ... certainly myself, has never seen in 40 years of business," Davis said.

People are angry and confused that after almost a decade of growth, the sport has turned so fast.

Some resentment is directed at NASCAR, which finds itself trying to help its teams while not creating a welfare system. Unlike most professional sports leagues, NASCAR doesn't have franchises and all its participants are viewed as independent contractors free to come and go as they please.

So chairman Brian France isn't about to start floating loans of credit to keep teams in business. The sport is and always will be a survival of the fittest.

But France and his staff are willing to look at cost-cutting measures, and just last weekend suspended all testing in 2009 to help teams save millions of dollars. The decision comes with consequences: If there's no testing, teams no longer need employees dedicated to that part of the program.

It's a given that NASCAR's business model is best suited for NASCAR and its direct employees, and it should be noted the sanctioning body has no current plans for staff reductions. Car owners knew the rules when they decided to enter this big-time level of auto racing, and they can't fault NASCAR if their businesses are now failing.

At some point, when those once employed by DEI or any other prominent team look for someone to blame, they need to consider this: Bad business decisions and mismanagement have as much to do with team stability as the crumbling economy does.

"We've all overspent," seven-time series champion Richard Petty said. "We all had it so good we just kept going forward without saying, 'What if it goes bad?'"

As the layoffs by Hendrick, Gibbs and Roush demonstrate, not every team that is downsizing is in financial crisis. Some are simply tightening the bulging staffs they created in their climb to the top.

Teams added specialists to prepare for the Car of Tomorrow, which was meant to be phased in, but went to full-time use this season ahead of schedule. Now that teams are using one model of car instead of two, shop production has decreased and there's not as much work to do.

"If you looked at where we were a year ago, we were running two different kinds of cars," owner Jack Roush said. "So that required a staffing increase for most of the teams that enabled or justified a reduction. Most of our reduction was in the area of car building."

But it's not going to end there, and it's likely to get much worse. Attendance is down at most tracks, sponsorships are harder to come by and the Big Three automakers are in deep financial trouble.

France said a little more than a week ago that NASCAR "won't live or die" by a manufacturer pullback or pullout. But many teams most certainly will, and the trickle-down effect will be devastating to those who rely on racing to pay the bills.

"This is the way they pay their mortgages," driver Jeff Burton said. "And this is the way they pay their car loans and send their children to school and pay their bills."

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