
GROUP 600 KONA, HI

EXECUTIVE SESSION

JANUARY 16-18, 2020

Best Idea Review from Wausau, WI

Innovation Committee – We asked the employees “Start-Stop-Keep”. What do we, as a company, need to start doing, what do we need to stop doing and what do we need to keep doing? The employees struggled with this because they weren’t using their “change” muscle. So, we started an innovation committee. Each manager was asked to pull an advisor, a tech and a GS to be on the committee. They would then each go back to the store, identify a problem, develop a solution(s) and report back to share with other stores to continue to develop on the idea. Set parameters of plan. Must improve financials, productivity or customer experience.

Marc Pons – Chapel Hill Tire

Shop TPMS Tire Safety Systems – Company distributes OE sensors and is only in the TPMS business. They have eliminated a lot of other sensor problems we’ve had. www.tpms.com is their website. They provide scanners/training and tech support. TPMS kits are .75 each and hub sensors are \$17.50 each. **Dan St Onge – Daniel’s Tire**

Moore Tires

1. We were discussing our in-house road hazard warranty with a Midas representative, and he told us because of nationwide lawsuits, all company in-house warranties must have an underwritten insurer. Has anyone heard of such a thing? We do not want to pay for such a program! x
2. Who has multiple corporations with different shareholders but only one administration staff? How do you handle administrative cost? x
3. What would be a fair annual wage for a store manager for a \$8M @ 42% g/p and 6% net store.
4. Who is ADA compliant on their E-commerce website?
5. Old topic but looking for better results. Moore Tires has reviewed our credit card fees. Our October statement has 99 different fees, adjustments and expenses. Our “EFFECTIVE RATE” to except each credit card is 2.53% companywide resulting in over \$140,000 of annual charges from credit card companies. BEST: 0.38% VISA Debit Regulated, WORST: VISA Signature Preferred Standard 4.83%. Any better suggestions than Worldpay/Merchant Partners? Who is willing to start adding a convenience fee?
6. Our last acquisition required a bank loan for our LLC. We had the loan structured to Side Collateralize with personal guarantees matching our LLC ownership ratios: 51% Jeff 39% Brock 10% Greg. Our regional \$6 Billion Asset Midland States Bank informed us any new loans they will not Side Collateralize, and we will each have to sign personal guaranties for the full amount. Anyone fight this without switching banks?

Thomas Tire

7. Would it be possible for all attendees to bring their current insurance policy information, i.e.:
 - Property insurance (Blanket Bldgs. & BPP / Inventory, crime),
 - General liability (including occurrence/aggregate limits, products & completed operations, personal & advertising injury, medical expense),
 - Garage-keepers (including physical damage limit, comp deductible, max deductible, collision deductible),
 - Inland Marine (including employee tools, transportation and its limit of liability and deductible),
 - Automobile Coverages (including bodily injury & property liability limit, uninsured/underinsured motorist limit, comprehensive deductible, collision deductible, hired & non-owned liability limits, hired physical damage
 - Workers Comp (including current mod rate and employer's liability limit per accident, employee and policy limit)
 - Umbrella (including aggregate and occurrence limits and Retention)
 - Crime (including employee theft, retention, ERISA Fidelity, Forgery/Alteration, claim expense)
 - Employment Practices Liability (limit and deductible)
 - Cyber Liability (and all the varying items it covers and at what limit)

**Typically, insurance carriers will provide a booklet with all the information in it, so if everyone would plan on bringing theirs for us to review then this would be great. Because this is one of the most significant line items in expense, I would like to see how my coverage and cost compared to others in the group.
8. For those of you who are continuing to add additional locations and are/have purchased existing businesses, how much do you invest in the remodel of said location to get it to your standard?
9. What is the groups rent expense for both a six and/or eight bay store? x
10. How many in the group currently pay their front counter sales (not manager) on some sort of commission program vs strictly hourly? For those who do pay them commission what portion does that account for on their total compensation? And for those who do pay this way, do you ever feel/receive complaints about your sales staff being too pushy with sales? Does it create division/animosity on the counter?
11. The first half of this year was solid with regards to revenue, but the second half of the year seems to have been a battle to maintain last year's numbers or hit expected targeted revenues. Has anyone else in the group experienced this and what are your thoughts/concerns moving in to 2020? A strong indicator for the "health" of the economy that I have always watched is the trucking industry and they have struggled this year. Loads are down significantly, and they are preparing for a major downturn in their business. What are you/have you/will you do to prepare for a change in the economy?
12. Who in the group tracks technicians' comebacks and how? I feel like we are shielded from knowing exactly what happens in our stores at times and this is one of them. What is your protocol if a technician missed something because he either was rushing the job, didn't follow the process or test drive the car afterwards? x
13. What percentage of your advertising budget goes to 1) radio 2) digital 3) tv 4) direct mail 5) college sponsorships 6) other and do you plan on making any significant changes to that breakdown/total spend in the next year?
14. For those of you that have a heavy tire sales store(s), do you ever see tire sales trend that are cyclical?
15. How do your stores handle tires that need to be send back for adjustment? What is the process and how do you ensure that it is being followed?

Big Chief Tire

- 16. How do you handle customer damage complaints? Specifically, the ones where there is just no proof either way? “This scratch wasn’t here when I brought my car in”. What’s your process?
- 17. We want to increase female representation in our company. In such. Male dominated industry, what ways have you used to encourage women to apply to jobs? x
- 18. Will you do an oil change with customer supplied oil/filter? What do you charge? x
- 19. What is your policy for reporting on the job injuries?
- 20. My OT was back breaking last year. I need scheduling software to help schedule for peak times and reduce our overall OT. Does anyone use anything they love? x

Chapel Hill Tire

- 21. When you have sales approaches in one store that are proven to work and get results, how do you take these ideas into other stores and get buy in from the team to give it a try. x
- 22. Is anyone using a software program to send out email reminders on maintenance when it’s due? x
E.G. Oil change reminders, state inspection reminders, alignments, rotations, etc.

S&S Tire Co.

- 23. Is anyone with the BayIQ rewards program? If someone left the program, how they dealt with that? Or conversely, is BayIQ (or another rewards program) working for anyone? x

Chabill’s Tire & Auto Service

- 24. After attending a couple of dealer meetings last year, it seems the focus for manufacturers is growing small fleet business. Do any of you have ideas on how to attract more fleet business to your dealership through National Accounts or local bill? x
- 25. Let’s talk inventory. What are your “inventory turns” goal? Are you there? How many tires do you stock in your stores? Do you have a warehouse? How often are you getting deliveries from your suppliers...etc. etc. etc. 😊 x
- 26. I know we discuss this a lot, but in 2020 my focus is going to be largely on increasing tire unit sales. Can we discuss your approach to a tire sale, what works for your salespeople, as well as what motivates your customers?
- 27. Recently NTW has approached me with a competitive offer to move my MAST business to them rather than dealing direct. Have any of you made the jump from direct to indirect with a manufacturer? What do you see as the pros and cons?

Tire’s Plus

- 28. Key manager bonus plans? Over and above salary and operation bonuses. This meant to relate “Key employees”. x
- 29. 401K matching? At what point? x
- 30. Operations manager/General Manager salary and incentive plan?

- 31. Does anybody have a job description for an Operations/General Manager position?
- 32. Does anybody have high interest savings account they are using for extra cash?

Suburban Tire Auto Repair Centers

- 33. DVI's: We switched to TireShop so that we could implement DVIs using AutoTextme. We bought lots of tables, trained the crew, spiffed the DVIs, yelled and screamed, and can't get the guys to do more than a handful of DVIs each week. What works? How can we get the guys on the program? x
- 34. When do you pull the plug on an underperforming store / Store Manager?
- 35. Does anyone think they have a truly awesome pay plan for Sales people? If so, how is it structured?x
- 36. We need to improve car count and are thinking of using Mudlick. Is anybody using Mudlick? If so, how well is it working for you? Does anyone have data on which coupons perform best? If not Mudlick, what is working for you to drive in car count?
- 37. Is anybody using Kukui? If so, how do you like it? Pro's and Cons?
- 38. Has anyone heard Napa's Apprentice Technician program? If so, do you know anyone that has started on the program? If not, I can share details of the program.

Grupo Torsa

- 39. In the stores' reviews in past visits, I have seen that some of you have telephone support staff independent of the front desk, or even front desk independent of the service advisors. x
 - a. For those who have multiple locations, does anyone have a call center 01(800) implemented?
 - b. If so, do you have your staff or is it an independent outsourcing company?
 - c. How does it work for the business?
 - d. Do you have an inbound & outbound script & procedures?
 - e. Social Networking websites
 - f. Does your call center manage the schedule program for the stores?
 - g. How do you pay the call center staff? x
- 40. Technicians & Sales Persons Training Programs: x
 - a. Average costs
 - b. How often do certifications?
 - c. Do you have Certified Training Programs by Tire Manufacturers or parts suppliers?

McClea's Tire

- 41. How successful is everyone with online tire sales? What would the group consider to be successful whether it's number of tires, revenue, profit, or quotes requested? I feel everyone says you need to have your "tire prices" online, but there is no specific goal in mind. It's time to start identifying our websites as a virtual location with sales goals in mind or some type of measurable data.
- 42. Mobile Tire Installation for passenger and light truck. Is this really going to become a thing (again)? Let's discuss. x

Bruce's Tire & Auto Service

- 43. Everyone has that store or those stores that seem to always under perform. Any suggestions on getting the store into the green? x
- 44. EV's. Is anyone doing any kind of service to them? Any training for sales / techs that you suggest?
- 45. For a new store, any recommendations on improving car count? x

Fausak's Tire Center

ONLINE APPLICATIONS x

Does anyone subscribe to an online application service?

STORE OPENING ADVICE X

This is our first "ground-up" store and are seeking advice as to the startup process.

A) We envision having a "soft" opening much like a restaurant to be sure everyone knows their jobs and to work out any glitches. Much of the staff will be new.

B) What types of things should we do to help drive business on opening day in a new area?

ASSET MANAGEMENT

What if any methods or tools are you using to track purchases, repairs, movement of assets/equipment beyond the accounting software?

VACATION POLICY x

Do you have any "seniority" aspect to your vacation policy? Or is it, early bird gets the worm?

How far in advance is someone permitted to request vacation?

Daniels Tire Service

What method do you use for checking tire pricing on line, and how often do you check, and how often do you update your pricing? x

What percent of sales are you targeting for spending on advertising annually?

What methodology do you use to determine what tires to stock in your store? What kind of coverage are you looking to have? x

