

The Three Legged Stool

Organizing a Successful Door Dealership

Congratulations! You are managing a growing garage door dealership. Of all of the things you will oversee as the business owner, managing the company's growth is by far the most challenging. Most dealers start small. In the beginning it's just the owner, his truck and the dream of success. You wore all of the hats, salesman, installer, bookkeeper and owner. As time passed you had success and your company grew. You added another installer so you could spend more time selling and later add someone in the office to answer the calls that by then were increasing. Before you knew it several years had passed and you found your company had a dozen or more employees. Just as you have from the beginning you continued to work an insane number of hours, still trying to wear most of the hats you always had. However, as time passed it became more difficult to cover all of the bases. My wife calls it the "pillow theory", meaning you can only manage to hold three corners of the pillow down but the fourth always pops back up. You knew something had to change but were not sure exactly what. More people did not solve the problem. Then it came to you, the organization of the business had to change. You realized that you could not oversee every detail of the business as you had when you first started. You needed to spread the responsibilities and workload...but how?

For the 33 years I owned and managed garage door dealerships I realized one thing. I needed help. Help to manage the employees, help to manage sales, help to do the accounting and help to get the work done in the field. While I had worn those hats at one time or another, it was impossible for me to be good at all of them. A very wise mentor of mine told me early on in my career that I had two jobs. One was dealing with the task at hand and the other was finding someone better at it than I was to take over. For the balance of my career I was always working my way out of a job.

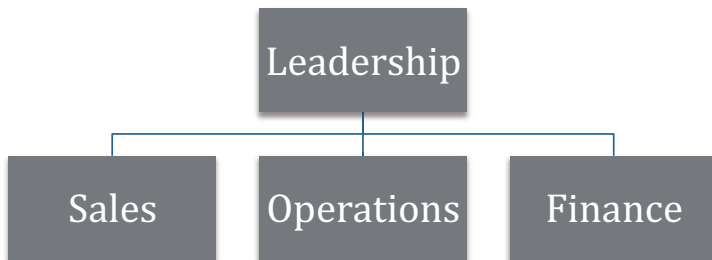


Having served in the Navy for five years, I knew that to get the most from the people you worked with you had to be organized. Aboard ship things were departmentalized into divisions. Each division had a crew of sailors and an officer in charge who reported to a department manager. The department managers reported directly to the captain. For the ship to complete its mission, the crew, officers and captain all had to do their jobs. I remember that my division officer told me once that to understand the Navy's approach to shipboard organization I should envision a three-legged stool. As long as the three legs are solid and attached to the seat and to each other, the stool can do its job and hold a lot of weight. Remove one of the legs and it topples over. Take the seat off and the legs become wobbly and can support very little weight. He explained that our division was one of the legs. To do our job we had to be strong and work in concert with the other "legs" or divisions in order for the ship to fulfill its mission for the Navy.

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The Management Team – A few years later I applied the “three-legged stool” concept to my garage door business. While we did not have the need for a sophisticated departmentalization, I knew we needed a version of it. So I began to sketch out what an organization chart might look like for my company, then and as it grew. And what do you know, the “stool” image began to reappear. It seemed that no matter how much we grew as time passed, there were four basic functions needed to operate the business. We needed sales, field operations, accounting and leadership to tie them all together. My chart looked something like this.



I knew that initially I had to manage each department personally but eventually would have department managers to focus on just their single area of responsibility. The ultimate goal was to have a management team that ran the business’ day to day operations, allowing me to focus on growth. It took time, patience and persistence but it all paid off. The net result still amazes me. Our one truck operation blossomed into six stores covering the majority of our state. It all started with getting organized.

Sales Department – The business cliché “nothing happens until something is sold” is absolutely true. Nothing to order, nothing to unload, nothing to install and nothing to bill. Therefore a strong sales organization is the engine that

pulls the train. As sales grew so did our staff. Eventually a sales manager was put in charge of the department and was responsible for bringing in sales and managing the outside and inside sales people. He or she also assisted me with our marketing program. They were their own little team and knew their role in the organization. While it was productive to feel that special team spirit, they understood that the other two departments were depending on them to do their jobs so they could do theirs.

Who should serve as sales manager? A common mistake is to assume that your top salesman should be appointed manager. Excelling at direct sales does not always translate into managerial skills. Having said that, your pick for sales manager must have hands on sales experience. Does it have to be a career “door man”? Not necessarily. Someone selling home improvement and other construction related products may have the necessary background. But in order to garner the respect of your sales people he or she must relate to their positions, having walked the walk so to speak. Your sales manager also needs previous supervisory skills. This is essential if your sales manager is going to coach your sales team to success.



Operations Department – Operations is the area of the business that gets the work done. It is by far the largest and has the most supervisory responsibilities. I always referred to it as the “hub of the wheel”. All of the other areas of the business served as the wheel’s spokes that radiate from the wheel to the hub. It’s the center of all activity, often the eye of the hurricane it seemed, but always where your company could shine the brightest to your customers. Our Operations Department consisted of the following:

- Customer Service
- Dispatch
- Field Operations (installations and service)
- Warehouse Management
- Purchasing

Along with field operations comes the responsibility for the company’s safety, equipment and truck fleet management.



The heart and soul of any business like a garage door dealership is service. In the last issue of *Door & Operator Industry* I wrote an article entitled "The Business We Have Chosen". It focused on the importance of garage door dealerships offering not just good but "outrageous" customer service, the goal of which is to get clients to say "wow" when describing their buying experience with your company to their friends. Early on in my career I knew we had to be better at service than the local competition. We all sold very similar products but service added a human element to our game. It gave us the greatest opportunity to separate ourselves from the pack. To do this we had to do what we said, when we said and do it better than anyone else. It was a tall order that required the most planning, organization and execution....daily!

Like many others, as our business grew we added service department staff to take service calls, schedule the work and interface with our field techs. Admittedly, during the robust growth years we focused more on new door sales to builders and contractors which drove volume, and we were not being our best at the service game. That was a mistake that I knew we had to correct. It took some time but once we had the right operations manager to lead this effort our service improved dramatically (and so did profits). Not only did she improve our customer service game but she also worked through others to improve all facets of our operations department including supervising field techs, warehousing, managing the safety program and purchasing stock. Through her leadership we became a much more efficiently run organization which translated to a healthier bottom line.

What are you looking for in an Operations Manager? Simply put, a well organized, self starter that has the ability to understand the mission and the people skills to work through others to accomplish it. He or she needs a myriad of talents but it starts with a superior customer service background. Also helpful is some field experience or at least a good working knowledge of the products you market. Supervisory skills are important but the ability to deal with problems fairly and effectively is critical since on a daily basis these roadblocks pop up. A good Operations Manager overcomes these and keeps the train moving down the tracks.



Finance Department – We sell the doors, we order the doors, we install the doors and then the fun part, we get paid for the doors! The last part can often be the most difficult. Not just getting paid but all of the functions needed to account for your business. Our Finance Department functions consisted of the following:

- Accounts Receivable
- Accounts Payable
- General Ledger
- Payroll
- Inventory Control
- Information Systems
- Banking
- Cash Management
- Human Resource Management

Finance had the most voluminous amount of clerical work. Most of these were thankless jobs that were critical to the company's success. In almost every case they had one chance to get it right...and they almost always did, especially after we got the right leadership in place. The person that heads up finance (CFO) not only has to be technically competent in all areas of accounting but must also possess the leadership skills necessary to supervise their area of the business and work with the other department managers effectively. The ultimate goal should be to have a degreed accountant in this role in my view. Of all department managers, finance probably has the most influence with the CEO/owner. Due to the close connection to the company's purse strings, the CFO can make all the difference in yielding a financially sound business. While sales and operations tend to be viewed as more "sexy", the payoff is in the details. A good CFO will keep the owner focused on the company's profitability despite the numerous distractions in his or her business life. Their influence will help you make timely and tough decisions that all business owners are faced with every day. Yes, you'll have to pay more for an accountant than a book-

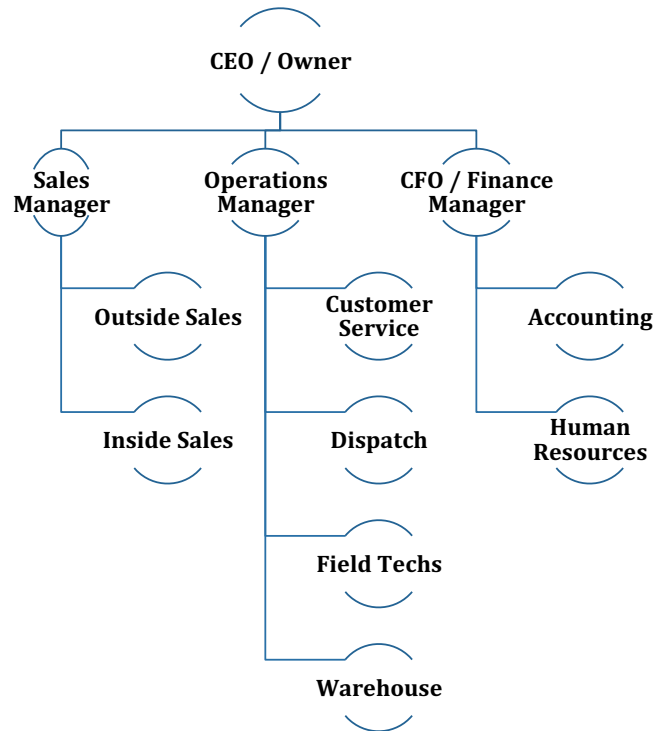
keeper, but if you are as fortunate as I was the right one will easily pay for himself or herself ten times over!

In the early years we did the billing, paid our vendors, did the payroll and then relied on our accountant to “do the books”. As we grew so did the lag time needed to get our results from him on a monthly basis. It was clear that in order for me to make good management decisions we needed to do more in house to produce our financial information quickly, allowing us to keep a finger on the company’s financial pulse as it happened. It was a proactive rather than a reactive approach to managing the finances of the business and it worked in spades.

The single greatest tool that furthered these efforts was when our CFO oversaw the implementation of new business software. It covered all phases of the business, sales/marketing, operations and finance. It was a big expense and required a huge amount of her time to work through. But once completed it allowed everyone using it to focus on each job’s profitability in the estimating phase and also after the job was completed. At the touch of a button or two we could see how sales were going, by sales person, at any given time and what the gross margin looked like on each job. It also improved our field production efforts by allowing our dispatcher to manage each tech’s time more efficiently through an integrated electronic dispatch board. All powerful stuff that allowed us to make corrections on the fly. We could recognize products or services that were low margin and put more emphasis on the type of sales that yielded the best profit. Being able to see trends in real time made all of the difference. For the first time we were using our information systems to steer the ship to more profitable waters. None of this would have happened without the diligent efforts and leadership of our CFO.

Conclusion – Now I know what you’re saying, “my business isn’t big enough for all of this departmentalization stuff”. While your business may be small now, you have to believe that it will not stay that way. By beginning the process now of organizing and thinking about your business by departments, you are creating an organizational blueprint that will have staying power and will be a structure from which your company can operate no matter how large it becomes. Or perhaps your dealership is medium sized or even larger. If so, great. You can implement an organization structure change now with the proper planning and the right candidates to form your management team. Door dealerships with as few as a dozen or as many as hundred can be successfully operated with the same basic “three-legged stool” organizational structure. Yes, it’s true that in small to medium size companies you may still wear your owner’s cap and many others. In my case I remained our sales / marketing manager while also serving as CEO for the duration of my tenure. But as time passes and the business grows your goal should be to have a strong manager for each department reporting to you. Yes, you will still be captain of the ship but

slowly you will move from task oriented duties to a more strategic role. You will become chief cheerleader for your team and the company’s biggest ambassador. You’ll spend far more time with strategic planning, waving your company’s flag to the public and leading your management team toward its goals. You’ll know you are there when the majority of the wiz bang new ideas to improve the business no longer come from your head but rather your department heads (no pun intended). So yes, start thinking about departmentalization now, no matter the size of your business.



We have been asked by IDEA to provide a series of workshops at Expo 2015 on Wednesday, April 8, 2015 to discuss the building blocks of a successful garage door dealership. If you would like to know more about organizing your business or discussing other key components of building a successful door dealership, come join us for what should be a lively and informative round table seminar. For more information check out the Expo information in this issue or visit our website at www.AppleLLC.net. See you in Indianapolis!



Dan Apple is president of The Apple Group LLC, a consulting firm located in Bonita Springs, Florida. His focus is assisting garage door dealers with profitability and marketing. Dan served as president of Apple Door Systems in Richmond, Virginia for 33 years which grew to a statewide dealership with eight locations. He was the first president of the Institute of Door Dealer Education and Accreditation where he was responsible for creating the industry's first national accreditation program in 1998. Dan also served as a director of the Door & Operator Dealers Association and the International Door Association from 1994-1998. For more information, contact him at 804.640.4253 or email: danielapple@me.com or visit the website at www.AppleLLC.net.

