

Evolution of a Door Dealer

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Last year we celebrated the 100th anniversary of the garage door industry. In this issue of *IDA Magazine*, the Top 100 Door Dealers are being listed. None of them had success without hard work, the right skills, talented employees, and a large amount of good luck. In this article we'll follow the evolution of such a garage door dealer.

Phase 1 – “One Man Against the Universe”

It's a common tale in the garage door industry. A mechanically inclined person goes to work for a XYZ Garage Door and learns the trade, mostly through on the job training. He learns quickly and becomes a superstar tech within a couple of years. As time rolls on he begins having a fleeting thought from time to time: "I'd love to be my own boss."

Then, one day he acts on it. Our tech, let's call him Bubba, takes the plunge. After making his deal with the local manufacturer's distribution center, Bubba quits his job, buys a new truck (financed to the hilt), rents a mini-storage unit to store products, puts his life savings into a new business checking account and secures his business license and voila, Bubba's Garage Door Service (BGDS) is born. While he may have graduated from garage door tech to independent businessman on paper, the learning curve is steep, especially so with little or no business training. However, Bubba is determined to succeed and pours his heart and soul into his new venture. Before you know it, he begins to make sales to a variety of customers, some are friends, some are family and some are former customers of XYZ who've somehow learned about Bubba's new business and want to continue doing business with the guy who's done a good job for them in the past. The industry calls businesses like Bubba's "Chuck in a Truck" or "Tailgater."

Soon the successes turn into an overwhelming workload... sell the job, order the material, pay the bills, install the doors, react to service requests and on and on and on. Bubba truly feels alone, like one man against the universe and feeling the weight of the world on his shoulders. Something must give. Then he convinces his wife Sally, someone he can trust, to "help him with the paperwork and office work." Now his little company has two employees. Bubba's now entering the next phase of his dealership's evolution, "the Mom and Pop shop".

Phase 2 – “The Mom-and-Pop Shop”

Having assumed most of the "paperwork," Sally certainly got more than she bargained for in this deal. She's answering the phone, fielding email requests, scheduling the work, paying the bills, collecting the receivables, handling the banking, doing all the billing, and trying to keep the taxman at bay. Unlike Bubba, she seems to do this with great finesse while often working another job, managing their household, and taking care of the kids. The impact of her addition has given "Pop" more time to secure more sales and grow the business to the point where

he can no longer physically do all the service and installation work. Often, he looks to family or friends again to supply some relief: a brother, a brother-in-law or a friend who's looking for side work. Enter employee #3. After a relatively short time even the other "pair of hands" aren't enough. What started as part-time gig soon segues into a full-time job.

Sales are growing and Bubba can't get to the sales requests fast enough and decides he needs to spend all his efforts on selling, since that's the pump that primes much needed cashflow. Enter employee #4. Bubba is now entering the next phase of the evolution, chocked full of growing pains and an even bigger learning curve.

Phase 3 – Growing Pains

By the time BGDS celebrates its 5th birthday, Bubba is feeling growing pains and they are often severe. Up until now, he had to manage himself, sales, the workload, and a couple of people. He has yet to understand that managing a business is about keeping a tight grip on resources too. The company has managed to do a good job and customers are responding and referring them to even more customers. So far, Bubba has focused his sales efforts on being super competitive and trying to get each job by offering to "beat any price." He equates getting the job with a sales victory, albeit at a gross profit margin that is sometimes insufficient to support his growing overhead. Even when his garage door supplier raised his cost prices twice in the same year, Bubba felt that if he raised his prices Mr. Big Shot Builder would go shopping for another supplier and he's worked too hard to get his business.

Undaunted, Bubba forges ahead

working 12-hour days, six and sometimes seven days a week, becoming a victim of his success. He's proud that the largest tract builder is buying his garage doors from BGDS even though he squeezed Bubba tightly on the price point. To keep his expanding field techs happy, he gives them generous raises. Bubba has gotten so busy he fails to pay close enough attention to the financial wellbeing of the business and wouldn't know how to read a financial statement if his life depended on it. "As long as there's cash in the bank we're doing okay," he tells his wife and devoted office manager, Sally.

Then it hits, Big Shot Builder and other customers who were extended credit terms are no longer paying in the 30 days to which Bubba agreed. Say hello to growing pain numero uno, insufficient cashflow. Meanwhile his suppliers still expect for Bubba to pay them according to terms and pressure begins to build quickly. Attempting to ease the pain, Bubba pays a visit to his bank and gets a short-term loan to ease the pain. The loan does the trick for the moment, but Bubba still doesn't understand the root cause of the problem. Since neither he nor his wife have business or financial training, connecting the dots between profit margins, cashflow and the financial condition of the company is difficult. For extra fun the relentless taxman has advised that BGDS has penalty and interest due for paying their payroll taxes late. Bubba thinks, "We're as busy as we can be, where's all of the money going?"

After a particularly tough day with money pressures mounting, he remembers that sometime back he joined the International Door Association (IDA) to learn more about

running his door dealership. So far, he hasn't done much with it other than glance through the magazine that shows up occasionally. However, today he needs more help and calls IDA's office. As luck would have it, they were about to have their annual conference and the IDA director encourages Bubba to attend. He decides to go.

At the IDA Expo, a chance meeting with a fellow door dealer changed his business life forever. His new friend is Doorman Jack (DJ) whose been in the business for years and has experienced all the trauma starting and operating a new business can bring. DJ agrees to look over BGDS' financials and review how Bubba prices jobs. DJ shows him how much his overhead expenses are and what kind of gross profit is needed to cover it and still leave money on the bottom line. Bubba listens intently and figures a well-respected dealer like Doorman Jack couldn't have the success he's enjoyed without knowing what he's talking about. DJ advises Bubba to raise his prices, change his estimating formula and learn how to read a financial statement. Bubba takes this advice to heart and decides to get a better handle of the financial aspect of BGDS. He doesn't know it yet but as he heads home from the trip he's entering the next phase of the evolution, becoming a businessman.

Phase 4 – Working on the Business, Rather than in It

Bubba makes the changes recommended by Doorman Jack and lo and behold, cashflow starts to improve. He raised prices across the board, changed his estimating formula to focus more on gross profit and got his banking buddy to teach him how to read

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and understand financial statements. Oddly, one thing he didn't count on was losing sales volume. Suddenly, he wasn't getting every job he quoted, and Mr. Big Shot Builder did indeed go looking for another supplier. Now what? BGDS needed a business plan and they needed it fast. Bubba remembers Doorman Jack talking about something called "product mix." Basically, not having too many sales "eggs" in any one basket.

So, Bubba looked at where his sales were coming from and learned that new construction and replacement sales were the main source of BGDS's revenue, but their repair sales were pretty much limited to those doors that he'd sold previously that were needing repair—all reactive sales versus proactively soliciting repair and maintenance opportunities, no matter who sold the door originally. When he compared the profits made on these types of sales, the gross margin percentage was higher than any other category. Bubba decided that he should redirect some of his limited advertising dollars to solicit repair and maintenance sales. He remembers that solving problems for customers was how he learned to become such a good garage door tech in the beginning and what a sense of accomplishment that gave him. Bubba then changed his ads to include more information about BGDS's "rapid repair service." As a result, his repair and maintenance sales begin to increase, which also often segued into more replacement door and operator sales.

In a very subtle yet impactful way, he was learning to work *on* his business rather than just *in* it. Sure, he still had

to fill one of the full-time positions (sales) but he's beginning to see the benefit of getting work done through others and how that will help his company grow. That required him to step out of the day-to-day grind and set aside time to manage and plan. Bubba had just learned a very important lesson in his transition to business owner, it was his job to manage the business rather than have the business manage him.

Phase 5 – Get the Right People

In Jim Collins' book, *Good to Great*, he points out the main ingredient in the business success recipe for companies that "thrive rather than just survive", is talent. Getting the right people into key positions makes all the difference. Often business owners achieve initial success and then level off, sometimes happy with just maintaining the status quo. Not Bubba. He's seen what can be done by just him as a one man show, and now is seeing what can be accomplished through his growing staff of eight employees. Of these, three were "A players" (superstars), two were "B" (steady, dependable) and three were "C" or "just making it". Bubba put up with the average to below performance of these people because it was too difficult to replace them and their contribution was adequate (although his A players complained about them). No, in order to grow he needed more A players to get to the promised land. To use Jim Collins' phrase, "get the wrong people off the bus and the right people on the bus."

Bubba had dreamed about having multiple locations one day, but he knew that would require more talent and

cash. It was his job to find both. So as difficult as it was at the time, he went looking for talent and knew he had to be patient to find people with the skills and attitude he needed. This would take several years but the results were amazing. Even though he had to pay more, he was getting more. More sales, more production, and a more dedicated workforce.

They were now working as a team with Bubba as the ringmaster. All of this was helping the bottom line, but Bubba was still working long hours to do his sales job and manage the business. All roads led to him for every decision that needed to be made. Bubba was the owner, so it came with the territory, or so he thought. Pricing, purchasing, field supervision, warehouse management and even some accounting duties were just some of his workload. He didn't know how he could give up any of these tasks because by doing them he maintained control, especially when it came to setting prices and quality control of the work. He knew something had to change because he could not run at this pace very long. So, Bubba tracked down his friend and mentor, Doorman Jack, and asked for his advice once again. DJ responded one simple phrase, "you've got to give up, to go up."

Phase 6 – Cloning Yourself

What Doorman Jack meant was as the owner it would be impossible to grow if you aren't willing to delegate. It would be nice to be able to clone yourself to manage each area but that was only in the movies. DJ said that the best lesson he learned along the way was to hire people to do jobs BETTER than you can, no matter what job you're doing at the

time. He also suggested that like any growing business, it's only natural to begin separating it into departments. For a door dealer it breaks down into three – sales, operations, and finance. Regardless of the size of the business, it always requires these three areas. Something is sold (sales), then it's installed and/or serviced (operations) and then we must collect the money and pay our bills (finance). DJ referred to this as "the three-legged stool" management model. Three legs (departments) fastened together (by the owner) can support a lot of weight (the company).

So, Bubba decided to form his team and knew that he'd rather promote from within if possible but just because someone was a high performer it didn't always translate into being a good manager. First, he tried forming the team with existing employees. His top salesperson would become sales manager (in addition to his regular sales duties), his dispatcher would manage the production workload and field techs and Sally would naturally become the controller in charge of all finances. It was a great plan on paper. In a short order he figured out that he'd probably have to find talent outside of the company for two of these positions since the dispatcher soon announced he did not want to be a boss and the salesperson tapped to manage declined to take the position. It took several years of trial and error but eventually Bubba found the right people for his management team and could let go of so many things he had controlled from day one. Each department was interdependent on each other for the company's overall success and subsequently their own.

Bubba's job was to manage the

team and let his team manage the departments. Some of the other employees, especially the techs, were used to bringing Bubba their problems and would still beat a path to Bubba's door to plead their cases. It took some time for Bubba to learn how to say, "Have you checked with your manager on this?" Once he let the managers do their jobs, problems were solved more quickly and eliminated the bottleneck that he was causing. Bubba could spend more time on managing the growth of the business. This was especially important if he wanted to realize his dream of opening another location.

Phase 7 – Launching a Satellite

BGDS had then been in business for 12 years. Things were going well. Sales were increasing a bit every year, Bubba had learned the value of having a good product mix, profits were stronger than ever, and his new management team was handling most of the day-to-day operation. Bubba felt strongly about opening a second store in another town 50 miles away especially since BGDS had been trying to service for several years but not very successfully. He'd been scouting the area for a location when previously making sales calls in that area and remembered he'd found the perfect spot for a new store.

In a very short order, Bubba had lined up a location, secured licensing and investigated the best ways to market the area to announce BGDS' arrival. Bubba then and there decided to take the plunge. So excited at the prospects of another BGDS store, Bubba called the management team together to give them the good news. He expected them to be as excited as he was but was met with blank stares for the first couple of minutes. Then they began peppering

him with questions like, "who's going to run it?", "is there enough sales in that area to support a new store?", "where will we get the extra techs from?" Finally, Sally asked, "How are we going to pay for it?" and on and on to the point where Bubba's excitement quickly turned to stress. After the meeting adjourned, and Bubba had gotten over the headache that had ensued, he could see these were all valid questions and Bubba's head was spinning.

So, he set about getting answers that became the basic elements of a business plan. Bubba returned to the team a few weeks later and presented a more detailed version of his plan, answering all their questions and carefully explaining what a new store could do for the company's growth by creating more opportunities for their employees. The team could then see a favorable future for themselves and the company and began to get behind his idea.

Eventually, Bubba opened the new store, tapping one of his key people to serve as branch manager with the understanding that if things went well this person would one day own the new store. The balance of the staff included one tech from the original store and three new hires for the other positions. The new store grew slowly, supported by Bubba and the "home office" during the many ups and downs any business experiences. True to his word, within five years the employee who'd been promoted to branch manager became its owner but kept the BGDS name for which he paid Bubba to use each year.

Bubba had indeed learned how to give up, to go up. So much so that he used this business model three more times, opening new locations in other parts

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of his state. Each time making career boosting opportunities for his trusted employees. BGDS was now a statewide garage door company. Having now exceeded his wildest dreams for BGDS, Bubba thought to himself, "What's next?"

Phase 8 – The Next Gig

One day he looked at the calendar and realized 30 years had passed since Bubba had decided to "be his own boss." All BGDS stores were doing well and the company and grown dramatically. Bubba was tired. He went to Sally and asked what she thought about retiring. She said, "as long as we don't wake up one morning, look at each other and ask, 'what are we going to do today,' I'm ready to go." Bubba knew they needed a gig. Volunteer work, hobbies or even pursuing part-time employment in a totally different field, just something to keep their minds occupied and engaged. While Bubba liked to play golf and Sally enjoyed playing bridge, they knew that after working over 30 years in a highly charged position, these and other hobbies wouldn't be enough.

Then they decided on a succession plan for the business that would take about three years to complete. The die had been cast over the years with employees becoming owners. So, when it was time to sell the original store Bubba knew that looking inside the organization would be his first choice. While not ruling out selling to an outside buyer, he felt that since all the other satellite stores had kept the BGDS name, it would be more difficult to control the brand if the last of the company stores was sold to "outsiders." So, he didn't after a couple of key

managers agreed to buy the original store. The deal was structured, fair to all concerned, and implemented. Since they had already been serving in a management capacity, the learning curve was greatly reduced as they assumed the role of owner at the end of the three-year transition period. Bubba and Sally knew they were leaving BGDS in capable hands and the new owners would build on their 33 years of hard work and success.

Epilogue

What did it take for Bubba to go from a one-man operation to a multi-store operation? Vision, determination, a strong work ethic, ability to learn business skills, talent, sacrifice, money, and most of all a lot of luck. He understood early on he could not realize his big dreams all by himself. He needed a team of people all pulling in the same direction. Were there failures along the way? Absolutely, as there are in every business. But for each failure there's always a victory if you look hard enough. Bubba was determined to focus on those and helped his team see a favorable future for everyone, not just him. He understood that the true definition of a good deal is where everybody wins.

Today, if you ask him to what did he attribute his success? Bubba will simply say, "I had really good people all around me." Like most leaders, he'd rather the credit go to his team and not to him. The garage door industry and Bubba's transition through it is a perfect example of the American Dream. I should know since I've lived it for 43 years.

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