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How To Get Rich Without Being A Tech Titan

This is a guest post by [Michael Rosenbaum](#), based on his new book, [Six Tires, No Plan: The Impossible Journey of the Most Inspirational Leader That \(Almost\) Nobody Knows—the biography of Forbes billionaire \[Bruce Halle\]\(#\), the founder of Discount Tire.](#)

The best way to get rich quickly is to create an internet portal, attract a billion visitors and then sell their eyeballs to advertisers. If technological innovation isn't your forte, though, take heart. It's still possible to get rich, but at a slower pace.

Bruce Halle, 81, is a case in point. Forbes estimates his net worth at \$4.2 billion, making him #255 on the latest [Forbes Billionaires](#) list of the richest people on the planet. He's also #96 on the [Forbes 400](#) list of the richest people in America. Halle is a self-made man; he opened his first tire store more than 50 years ago in [Ann Arbor](#), Michigan. Today his Discount Tire is the world's largest independent tire and wheel retailer with 804 locations in 23 states.

Halle developed his business model organically, observing what worked and what didn't. Here's what today's start-up companies—and leaders of well-established enterprises—can learn from his success.

Figure out what customers are buying. Discount Tire Company is the top independent tire retailer in the United States, commanding a 10% national market share in spite of operating in only half the country. But Halle doesn't just sell *replacement tires*. He sells the *tire replacement experience*. The difference is huge. For any retailer, product distinctions are a non-starter, because retailers don't make the products, and trying to be the lowest-price seller can become a race to the bottom. Early on Halle figured out that customers want to get out of his store quickly—they have more important things to do—and they'd like the bathrooms to be clean if they need to make a pit stop while waiting for a tire change.

Halle didn't simply change tires for his customers; he changed the tire buying experience. Too often, business leaders think about sales in terms of product and price. In fact, the competitive advantage that leads to customer loyalty is almost never listed on the invoice.

Build your company around your employees. Yes, it's important to serve customers well, but that only happens when employees are motivated and happy. Despite the best efforts of many business leaders, it's nearly impossible to beat workers hard enough to make them smile all day. Halle found that the best way to keep customers happy was to incentivize and reward employees for treating customers right.

Halle eschews the stretch goals that many leadership teams use. When the bar is set at unrealistic levels, employees learn to game the system or simply give up. Halle found the opposite approach to be more effective: Set the bar at a level that employees can reach and they'll be energized to do even better. He also incentivizes his people by sending the corporate jet to take all full-time employees on an outing with their significant others when their stores first hit \$200,000 in monthly sales. That experience creates a lifetime memory for the employees and strong loyalty to the man who provided the reward.

At Discount Tire, store managers have no caps on their earning power—in contrast with many retailers who think a 20% maximum bonus is incentive enough. Promotion from within is another powerful incentive; every operating employee knows he's competing for promotions with peers, not with some hotshot outsider. For long-time performers who hit a wall or are promoted beyond their current capabilities, the company offers employees a "reset button," finding them a new role. Ultimately, this employee focus isn't as expensive as it might sound. At Discount Tire Company they build commitment and performance across the entire company and the turnover rate for store managers comes in at a minuscule 2%.

Give on transactions, get on relationships. When Halle opened his first store, he had no money to spend on promotions, but he had time on his hands. So, he offered to change snow tires for free. Suddenly, cars were lined up around the block and Halle had a chance to make a good impression on people who would become paying customers. He did the same thing when he moved to Arizona. There he offered free flat repairs and encouraged store managers to give away tires to down-and-out customers. His theory was that they would tell their friends and return as lifetime customers when they got back on their feet.

Grow with the flow. It's dangerous to get too far ahead of your supply lines. Cash flows from existing operations are the cushion that supports slow ramp-up in new areas. Expand too aggressively and that cushion becomes razor thin. Capital access is possibly the least important component of profitable, sustainable growth.

Beyond the financials, take the soft metrics into account. Make sure that the staff's level of experience and commitment are strong enough, that management systems are robust enough and that projections are realistic enough to accommodate the new venture. Developing bench strength is critical, because the company must spread its culture champions across a more diverse arena.

New people hired for expansion expand the workload for existing employees. Every current employee already has a full-time job. Add to their workloads and something will end up on the back burner. Nothing reveals the flaws in a system as starkly as overly rapid expansion.

Stay in your lane. Product extensions and brand expansion always seem to be a no-brainer, and Halle has tried several times to branch out into new areas. Each time, he bumped up against the law of unintended consequences. First, he added wheel alignments, which seemed like a natural fit and turned out to be the opposite. When a store had a bay tied up with an alignment, other customers had to wait longer to have their tires changed. Getting customers out quickly was a competitive edge that was lost when alignments shifted the work flow.

Battery replacement seemed like a natural fit as well, so Halle gave that business a whirl, to his regret. That's because dead batteries often result from bad alternators—and Discount Tire doesn't fix alternators. Meanwhile, customers who are upset about their battery purchases don't come back for new tires. Today, Discount Tire focuses on getting customers in and out quickly, winning their trust and gaining customers for life—even if it means they can own only a small corner of the world.

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