

Sales and Service Excellence

Volume 12 Number 7

The Magazine of Team Leadership

July 2012

SERVICE/SUSTAINABILITY

Employee Service

It's key to sustainability.



by Michael Rosenbaum

ONE BY ONE, THE MEN IN the Discount Tire T-shirts will describe what they see when they look up the corporate ladder—they see themselves. From store managers to regional VPs and operations executives, it's a parade of people who started their careers busting tires and, at the top, is chief tire buster Bruce Halle.

Halle was a poor kid and poorer student, overwhelmed at times by a bad temper and lacking most traits of a *young man to watch*. Today, his \$3 billion Discount Tire Company operates 820 stores, and Halle is ranked 96 on the *Forbes* list of 400 richest Americans.

His journey provides key insights into the most complex mission of any leader: attracting and motivating followers. Discount Tire's success—commanding a 10 percent market share while operating retail stores in only half of the states—demonstrates the measurable impact of Halle's simple approach.

Discount Tire sells a *commodity product* in a saturated market. Customers who visited Halle's first shop in 1960 could obtain the same or better tires at two other stores within 300 feet of his facility. The situation isn't much different today. People can buy tires anywhere and many retailers will match competitors' offers automatically.

In this environment, *competitive advantage must come from a source other than product selection and pricing*. Early in his career, Halle focused on simple things like clean bathrooms, then a rarity in the automotive business, and free

mounting of snow tires. Instinctively, he emphasized the *customer experience* as much as *the product*, which led to success.

As Halle expanded to new stores and new states, he faced the same challenges as any founder. How could he obtain the same results in other stores when he wasn't the guy greeting customers and enhancing their experience?

According to S. Robson Walton, chairman of Walmart Stores, Inc., *the answer lies in finding the right followers*. As Walton writes in his foreword to *Six*



Tires, No Plan, "the founder must enlist likeminded employees—true believers—to both adopt and fulfill the mission. Employees must be *convinced*, not *compelled*, to sign on to the founder's vision and values, to operate in a way that resembles or replicates his style. Employees must become missionaries for the personal brand of the founder."

Halle's personal brand, established the day he opened his first store in Ann Arbor, was *value-driven* and *customer friendly*. Early in the company's development, Halle extended this brand by simply finding other guys like himself

—men who were willing to work hard and smile while doing it, men who appreciated that their success flowed from making the customer happy.

While these early recruits thought Halle was a man to follow, they did not see him as much different from them and believed they could find success at Discount Tire as he had. Halle offered and delivered recruits a *roadmap to follow*.

Today, the *prototypical store manager* or *operating executive* at Discount Tire is an average Joe who had few expectations in life, never thought of a tire store as the place to build a career, and showed up one day for no other reason than to put food on the table. The typical employee starting out at Discount Tire will have much in common with Halle when he founded the company.

Finding *the right match* for employees is only one step in the process of creating followers for Halle. More important are the practices he implements to build loyalty among his teammates.

For example, Halle *never* hires a store manager from outside the company. The waiting list for store manager slots is long, and the *company bench strength* deep, so there's no need to raid the competition. Even stronger as an *incentive* is the *loyalty* among employees.

The same holds true in the upper management, where the vice chairman, CEO, president, and other operating executives can trace their careers to the back of a tire store. The *leader/follower* relationship is a *shared faith*, and Halle's employees know he is committed to keeping that faith. "If I were to bring someone in at a high level without having worked in the stores, I may as well slap every store manager in the face—and I would never do that,"

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Halle says.

Halle has built the company around its employees, not around the product or customer. While Discount Tire gets high marks for customer satisfaction, the path to those metrics flows through employee motivation. Among the tools Halle employs to build that motivation:

- When a store reaches \$200,000 in monthly sales, Halle sends the company jet to take all full-time employees and significant others on a day-trip.
- When the cost of living increased dramatically in one region, Halle boosted pay rates to close the gap. Similarly, when local economic conditions preclude strong financial performance, Halle has paid bonuses to workers who had not earned them—at least, on paper.
- Frequently, employees promoted beyond their capability are reassigned.

Each example here is relatively small in a company with 800 stores and thousands of employees. The long-term impact of these investments is similarly minor on the income statement. The power of these examples can't be overstated, however. Employee loyalty and commitment flow from corporate

legends about Halle's loyalty to his people.

In turn, Halle expects his managers to *follow the same model* with employees. The role of managers is to *replicate and perpetuate* Halle's leadership style. When they face a challenge, they ask, *What would Bruce do?* The answer, Halle would say, is to *pay it forward*.

"We're creating jobs for many wonderful people," Halle reminds his executives. Halle sees *kindness as a trust to be passed on* to the next person in line. The more kindnesses one receives, the greater the responsibility to *pay it forward*.

The message is received clearly by the people who thrive at Discount Tire. They see *their personal path to success* in their role as followers—emulating the leaders' practices and becoming leaders, *paying forward* to their own employees.

The result is what many see as a *self-perpetuating and productive culture* at Discount Tire, with 18-year-old part-timers choosing to follow the *octogenarian tire salesman* who started it all.

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Volume 12 Issue 7

Sales & Service Excellence is published monthly by Executive Excellence Publishing, LLC (dba Leadership Excellence), 1806 North 1120 West, Provo, UT 84604.

Editorial Purpose:

Our mission is to promote personal and professional development based on constructive values, sound ethics, and timeless principles.

Basic Annual Rate:

\$59 (12 issues)
\$119 two years (24 issues).

Article Reprints:

For reprints of 100 or more, please contact the editorial department at 1-801-375-4060 or email CustomerService@LeaderExcel.com.
Permission PDF: US \$100

Submissions and Correspondence:

Please send any correspondence, articles, letters to the editor, and requests to reprint, republish, or excerpt articles to Editorial Department, Sales & Service Excellence, 1806 North 1120 West, Provo, UT 84604 or email Editorial@LeaderExcel.com.

Customer Service/Circulation:

For customer service, or information on products and services call 1-877-250-1983 or email: CustomerService@LeaderExcel.com.

Internet Address: www.LeaderExcel.com

Marketing Offices:

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Provo, UT 84604
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