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Trucking
THE FLEET BUSINESS AUTHORITY

2010
TRUCK DEALER OF THE YEAR

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Seven commercial truck dealers from across the country were nominated by their peers for the annual National Truck Dealer of the Year award, presented by the American Truck Dealers and *Heavy Duty Trucking* magazine. The award recognizes excellence in business practices, industry leadership, civic contributions and community service. The winner and runner-up were chosen by a panel of professors from Indiana University's Kelley School of Business, which said, "The quality of the seven nominees demonstrates the significance of the award to the industry."

Deborah Lockridge • Editor

We've had a longtime policy of 'electing not to participate in recessions,' but this one has affected us," says Bob Nuss, president of Nuss Truck Group in

Rochester, Minnesota, and the Truck Dealer of the Year finalist. "Our suppliers aren't making money, our customers aren't making much money, so it doesn't leave us much to drink here in the middle." Even the parts and service business suffered, he says. "For years, parts and service was up when truck sales were down – people were fixing the old trucks" instead of buying new ones. That wasn't the case this time.

Jack Saum, chairman of the board of Beltway

Companies in Baltimore, Maryland, and the 2010 HDT/ATD Truck Dealer of the Year, emphasized that the industry was hit with a double

whammy: the advent of the 2010 emissions deadline on top of the worst recession in the post-war era. The majority of truck owners are holding on to their older trucks for now, rather than ponying up an extra \$10,000 or so for a new truck with an EPA 2010 engine.

But there are signs of life, the Truck Dealer of the Year nominees report, and dealers as well as truck owners who have come through this recession are in many cases more efficiently run organizations that are well-positioned to take advantage of the recovery just getting under way.

"Obviously our bottom lines are different than they were two or three years ago," says Mark Gillam, president of Floyd's Sales & Service in Scottsbluff, Nebraska. "We're hanging in there and looking at our operations, and I think we'll be a better dealership when we emerge out of the recession."

Looking up

In general, the nominees report that new truck sales are starting to look up, and even customers who aren't buying are again showing interest in talking about and researching their next purchases.

Blake Jackson, president of Peterbilt of Utah – Idaho, reports that at his dealerships, new truck sales are about 4 percent above where they were this time last year. "We don't expect it to be gangbusters by any means, but any improvement is a good improvement over '09. We'll happily take it."

Rising

Ron Meyering, president of M&K Quality Truck Sales in Byron Center, Michigan, says they have had orders for new trucks recently, and that other customers are thinking seriously about buying trucks. He says he doesn't believe a lot of that is due to the fleets needing to expand their operations because of new business, but instead is a case of pent-up demand because fleets have sold trucks and extended trade cycles over the last couple of years.

"I think we've kind of reached the point where even if their business doesn't improve, a lot of these customers have put off buying for so long, they need to get back into a replacement cycle at the very minimum," Meyering says.

Jay Ellison, president of French-Ellison Truck Center in San Antonio, Texas, says his dealership hasn't seen any

ence was that reliability diminished. He says International's 2010 technology, which unlike most other engine makers does not use selective catalytic reduction, "seems to have some resonance among buyers," he says. "But when you quote them the price, you kind of watch them fall off the chair.... Unless there's a dramatic increase in freight rates, I'm not sure how the end user's going to be able to depreciate that vehicle and still maintain a realistic residual at the end."

Ellison says he also finds that customers are not as apprehensive about the new technology as they are resistant to the price. "The good thing is, this time we've got some advantages to the customer with the new trucks as far as fuel mileage and maybe reliability," he says. "The disadvan-

From Recession

The nominees for HDT/ATD's Truck Dealer of the Year come out of the recession poised to take advantage of industry trends to drive future success.

concrete sales increase yet, but "at least now they'll talk to you about what's going to happen six months from now," he says. "Last year everyone was pretty much in survival mode. I think now everyone's at least decided they're still going to be in business at the end of the year."

Greg Leshner, president of Leshner Mack Sales & Service in Lebanon, Pennsylvania, says there "definitely has been more interest in the last 45 days than we've probably seen in the last nine to 12 months. And the people that are inquiring are more of the raw materials type folks, chemical makers and what-not, which are the first goods to go into a finished product. So I'm hopeful they're the harbinger of things to come."

Sticker shock

One of the problems is that fleets and owner-operators in the market for a new truck are now faced with models built to comply with the U.S. Environmental Protection Agency's 2010-deadline emissions standards – which cost around \$10,000 more.

Saum points out that through the past decade, as each new emissions step went into effect, the industry's experi-

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tage is the price. It's hard for the customers to absorb in this market."

Nuss says his company is very comfortable with SCR technology and ready to go. "Diesel exhaust fluid is available on the street, and we expect to see customers getting up to 5 percent better fuel economy, with no regens. So it's just kind of, how do you swallow the \$8,000 to \$10,000?"

Despite the price, Meyering says he has already had some "pretty substantial" orders for the new technology. "I think we've done a pretty good job of educating the customers and communicating to them what was going to be involved in this new technology," he says. "The customers, when you explain the process

and the system to them and [that] you're going to increase their fuel economy, that's kind of music to their ears. It's kind of like having your cake and eating it too." In fact, some customers that were looking at buying equipment last year, he says, decided to postpone a purchase to wait for the new technology, believing that the fuel savings would more than pay for the extra up-front cost over the life of the vehicle.

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Jackson is happy the federally mandated emissions technology changes are over with for a while. "The hardest thing for customers and for dealers is the unknown," he says, "when you don't know what the next technology is going to cost and what it's

going to do for fuel mileage or maintenance."

Now, he says, the engine manufacturers will have "time to work out the bugs that have plagued all our customers. They've been having to make such huge technology leaps every three or four years, they haven't had a chance to work out all the bugs, and now they have this 10-year window to make sure everything runs perfect."



JOHN "JACK" SAUM
*Chairman of the Board
Beltway Companies
Baltimore, Maryland
International, Workhorse,
Kalmar-Ottawa*

The first year Beltway International was in business, 1983, the dealership sold fewer than 30 trucks. Saum, who had begun his career with International Harvester, joined the dealership as sales manager in 1984. By 1990 the dealership was selling 300 trucks a year. In 1997, at age 50, he bought the dealership through an innovative financial arrangement, paying back the purchase loan in 12 months.

Since then, Saum has grown the busi-

ness from one location with 15 technicians to six locations with 70 technicians and 86 service bays. His leasing business went from 80 to 800 full-service lease and contract maintenance units. The dealer network has been set up to be no more than 30 minutes from the customer.

"We have created a footprint where we have focused on customers service — parts, service, sales and body show," Saum says. "The whole focus is, how do we get close enough to our customers." In fact, the business' tagline is, "Never more than 30 minutes away from quality service."

Under Saum's leadership, the judges note, "Beltway International is setting industry standards for employee involvement, green operations, 'green customer service' and in speaking out for the accomplishments of the truck industry in emissions reduction."

The judges singled out Saum's innovative leadership of the "A New Truck is a Green Truck" initiative at the state, federal and industry level.

Saum believes this green initiative is his most valuable contribution to the industry, community and fellow dealers. While a member of the ATD board, Saum was serving as the truck representative on the NADA Legislative Affairs Committee when in April 2008, a "blue dog" democrat from Indiana chastised the group for not telling the green story of the advancements the truck indus-

try had made in cleaning up the environment.

With the help of NADA, Navistar and trucking industry leaders like then-Maryland Motor Truck Association President Anne Ferro, in May 2008 they kicked off the campaign, "A New Truck is a Green Truck." The goal was to stress the environmental and fuel efficiency benefits of current model trucks and educate people about the benefits of new truck design improvements, focusing on new diesel trucks, hybrid trucks, APUs and retrofit programs. The campaign has featured events with customers and government officials, and pointed out that in some areas of the country — including the Baltimore-Washington area where Saum's operations are located — the air coming out of the stacks of a new truck is cleaner than the air going into the engine.

Continuing the green commitment, Saum built a new dealership in Frederick, Maryland, in 2008 that incorporates all of NADA's green initiatives, and worked with architects to create an energy-efficient building projected to save \$77,000 a year in energy costs.

There's also the "Green Service Promise," a commitment to customers to diagnose a problem within four hours, then call or e-mail the customer the repairs needed, offer them a rental unit, provide an estimate of cost and when the unit will be ready. If they

Leading Green Efforts

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"I think we've got a good little run in front of us," Jackson says. "There's no [mandated emissions] technology changes for the next 10 years. It appears the economy is healing and improving. Without these technology jumps that have caused a lot of prebuys and lags, I think we're going to have a more steady climate the next 10 years."

Used trucks

The nominees report that used truck sales have been picking up over the last six months or so. Pricing also is starting to move upward, at least for certain specs. Nuss says while at the moment you can buy three 2007 sleeper trucks for about the price of a new one, that's changing. He recently sold some 2009 model trucks out of his leasing company that had about 250,000 miles on them. "They sold in California right away, for a very good number." He's been watching roll-off trucks go up in value, and auction prices go up on trucks and used construction equipment.

At Ellison's dealerships, used truck business has been pretty good for the last six months.

"Our biggest problem now is we went from being way over inventory in 2008 to now we can't seem to find enough used trucks," Ellison says. "[Customers have] a pretty narrow parameter, and I think those units are starting to dry up. They want a pre-2007-emissions model, but they want low mileage, with a spec that fits into their fleet."

Leshner reports a great amount of interest in 1- to 3-year-old used trucks his team is able to sell from their leasing company. The leasing fleet of about 150 power units "gives us a huge pool of trucks to sell from," he says. "As they're getting rid of their 5- and 6-year-old trucks, they can't justify that new truck price, so they're meeting halfway in between." And because the dealer has serviced these units all along, the customers can have a higher comfort level of the vehicle's maintenance history.

Meyering reports a used truck business that's been strong for about six months. "It seems like at least for us, used trucks are a pretty good indicator of where we're headed."

Medium-duty shakeup

The exit from the new-truck market of the Sterling brand and GM medium-duty commercial trucks has spelled challenges and opportunities for the Truck Dealer of the Year nominees.

Nuss, who sold GMC trucks along with his Mack and Isuzu brands, said GM has asked him to be a parts and service dealer – but they wouldn't let him keep the sign.

He's getting a new one made that looks very similar to the old one, except now it says GMC Truck Service.

The loss of GM "was really unfortunate, because for us, we don't have a conventional medium-duty truck right now." Nuss points out, however, that the market for medium-duty trucks has fallen dramatically in the last few years; there were simply too many players, he believes. He notes that the cabover business is only about 15 percent of the medium-duty market, and Isuzu has about 70 percent of that 15 percent.

"A lot of these medium-duty trucks, they sit around for six months or a year before they get sold," Nuss says.

"Today dealers cannot afford to stock inventory and keep it for as long as we've done in the past. The days of just having a yard full of trucks around are gone."

Leshner added a Hino franchise to his Mack business back in 2004. Although he says it's been an easy sale because it's been a very dependable truck for his customers, he hasn't seen a lot of bump from the GM/Chevy brands exiting the marketplace. "I think a lot of the GMCs were the direct national accounts, and that doesn't exist in my area; you're selling to the furniture company that has eight straight trucks."

Meyering, who also sells Hino, says business seems to be picking up, both because of the improving economy and because "we're definitely picking up some of the business from the Sterling and GMC customers."

Peterbilt has made a big push in recent years with its medium-duty models, this year adding features like a 4x4 version and a crew cab option, and Jackson says his dealerships have done their best to go after the customers left up for grabs by the GM departure.

For Gillam, the loss of the Sterling brand significantly affected his Cheyenne, Wyoming, location, which marketed Sterling trucks to municipalities in the state. The loss of the name has affected both the truck sales and the parts and service business. So far, he says, nothing else in the Freightliner line can directly replace the Sterlings for these customers.

"We've encouraged Freightliner to look at the specs that the municipalities are concerned about having, and to work with them and their engineers to get those engineered on the Freightliner product."

Making parts & service a priority

"There's an attachment to selling a truck to someone," Leshner says, "but at the end of the day, it's the parts and service that pays all my employees."

Indeed, the parts and service end of the business has

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proven crucial to truck dealers in recent years. Truck sales have become less profitable, requiring dealers to generate revenue in other areas. The truck makers themselves started getting more involved in the parts side of the business, many now offering all-makes aftermarket parts programs.

As that transition has happened, so has one to a more high-tech way of approaching that part of the business. "When I started in the business, we still used a hand card system for the parts inventory," Ellison says. "Now, like everybody else, we're highly computerized as far as inventory and racking our sales and all the other things that go along with that."

At Nuss Truck Group, they've tied all their parts departments together with a single phone system, as well as the corporate office. Nuss recalls a recent Saturday afternoon when he took a call at the Rochester headquarters from a customer looking for an air filter. Nuss was the only one there and the parts department was closed. But the Twin Cities store was open, so he transferred the call there. They were able to check the parts inventory in Rochester from there, e-mail Nuss the bin location and download an invoice. Nuss walked out the door just as the customer pulled up. "He couldn't believe the owner was walking out with the part, saying, 'Here's your credit card receipt and your filter.' But that's how we work."

Ellison believes that not only at his dealership, but overall, dealers "provide a lot higher level of service to customers today than we did years ago," he says. Expanded

hours and technology such as cell phones and instant messaging have made dealers much more accessible to their customers, he notes.

Dealers are also planning locations with service in mind.

Saum, for instance, has designed his group of dealerships, in the heavily populated megalopolis of the East, so that customers are never more than a 30- to 40-minute drive.

It's even happening in the more rural areas. Jackson has focused the growth of his dealership group on the more rural areas, away from the major cities that are already well-served by dealerships.

"It's our plan to get stores within about an hour radius of any of our customer base," he says. "The technology has changed so much on the trucks, they have to come to our shop to be fixed — and to provide good service, we have to be closer to them."

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Better service

Many of the nominees seem to be taking advantage of the recent slowdown to put in place systems, people and technology to help better manage the service process and communication with the customer, or to refine and perfect ones they were already working on.

Saum was one of the dealers who participated in a sometimes-contentious ATA Technology and Maintenance Council panel last year on the problems fleets say they have with dealers, including getting trucks in and out of the shop quickly and being kept apprised of the status of the repair.

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don't, the customer gets \$100. The program also includes a free "green" check-up on select engines for outstanding recalls, engine performance, software level verification and visual inspections of five other systems.

"We have truly made green a part of our corporate culture, and part of the image we portray internally and externally," Saum says. "Our employees are proud to work for a company that has taken a proactive stance in raising awareness of the advantages of going green and the positive impact it has on our community

and industry, and so am I."

Some other noteworthy achievements:

- Beltway University, an education portal on the dealer web site where customers can access International product training. For a one-time signup fee, customers can enroll an unlimited number of employees for this training, and new courses are added free of charge.
- Saum's people worked with Navistar to create a customer education program to tell the story of the 2010 MaxxForce big-bore engines. They were the first dealer to take customers to Navistar's

new Huntsville, Alabama, engine plant. With Navistar, they created a price-sensitive lease package for key accounts, allowing them to try the new trucks for six months under lease.

- To grow the parts business, Beltway purchased a central warehouse six years ago and focused on buying fast-moving service parts in large quantities and distributing them to the dealer locations. This helps them compete against the wholesale aftermarket parts distributors.

Technology Pioneer

Bob Nuss' dad was a truck mechanic in Rockford, Ill., and in 1959 became a Mack distributor. Nuss worked at the shop during high school, and after college and a few years of other experience came back and worked in the small dealership, becoming parts manager in a two-person parts department.

When an opportunity arose to manage a new Mack truck branch in Rochester, he decided to take a chance on the job. Six years later, in 1979, he teamed with a pair of investors to buy the dealership. The partners expanded rapidly by adding dealerships in Mankato, Minn., in 1983, Eau Claire, Wis., in 1984 and Duluth, Minn., in 1991. After buying back the shares in the company, Nuss added or acquired dealerships in St. Cloud, Minn., in 1997, and Roseville, Minn., in 2001. In 2008, they acquired Sweeney Brothers Tractor in Burnsville, Minn., and added Volvo construction equipment to the product mix.

Back when he was working for his father, Nuss recalls, you memorized the parts numbers. "I can still write down the parts to overhaul a 1970 Maxidyne engine," he says.

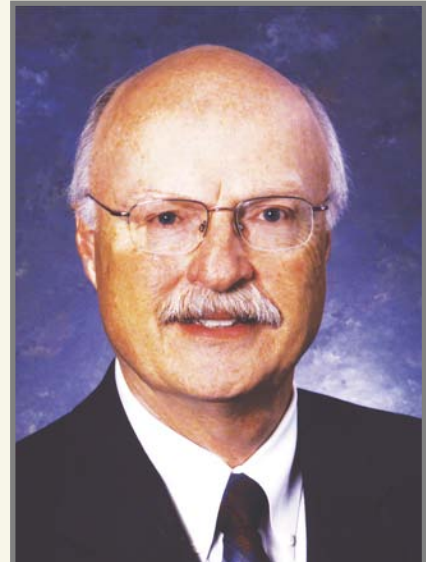
Nuss not only remembers those parts numbers, he also has an almost uncanny ability to remember voices. "Everyone's

got a voice print, just like a fingerprint," he says. "If someone calls me on the phone, I'll never forget their name." Back in the '70s, he says, before caller ID, he once flabbergasted a customer who called by identifying him as soon as he heard his voice. Nuss had previously sold this customer a truck over the phone — three years before. An hour later, he'd sold him another truck.

These days, Nuss has plenty of technology to help him find parts and remember customers. The dealership was one of the first on the Internet, and the very first night they sold a clutch cable for an Isuzu truck to a customer in Puerto Rico. "We've sold parts around the world," he says. They have even sold used trucks on the Internet.

Nuss is no stranger to unconventional selling methods; back in the '80s, when video cameras first came out, they would shoot video walk-arounds of the used trucks and overnight the videotapes to potential customers. It was so successful, Nuss representatives did seminars on the technique for Mack and the Truck Blue Book around the country.

Nuss has also been a pioneer in selling Mack novelty items, like bulldog ashtrays, jackets and the like. When they



FINALIST BOB NUSS

*President
Nuss Truck & Equipment
Rochester, Minnesota
Mack, Volvo, Isuzu,
Nissan Diesel*

first started offering these items on their web site, "we were inundated from around the world with requests for the stuff." Now, instead of customers getting, say, a Mack jacket when they buy a truck, they get a \$100 gift certificate to the store. Customers love the idea, and the dealership often ends up selling the customer additional merchandise.

Even before that panel, Saum's dealerships had instituted a promise that within four hours of the truck coming into the shop, they would send them a written estimate and time frame for the repairs; if they didn't, they would give the customer \$100.

"We do an independent survey of our closed repair orders weekly," Saum says. "100 percent of the time in the service area, complaints revolved around poor communications."

After being on the TMC panel, Saum worked to gather e-mail addresses from core parts and service customers, and those e-mail addresses are the primary mode of communication for repair estimates. "What I've found is it's

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unusual for us to get a negative comment back now" on those surveys, "and now it tends to revolve more around recurring product problems," rather than service problems at the dealership itself.

Meyer's dealers have set up a triage process where the goal is to get the truck into the shop within two hours of arrival and at least get a diagnosis and an estimate for the customer. "We may then have to put it back in the schedule

for the appropriate technician to perform the repair, which might be in a couple of hours or not until the next shift, but at least the customer knows what we found wrong and the cost," he says. They've put in some software that can quickly give customers detailed and accurate estimates. "If

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the customer knows what the schedule is, he can adjust his schedule accordingly.”

Ellison says his dealerships have really focused in the past four to five years on improving communication with the customer. “I think our service departments have always done a pretty good job of fixing the trucks,” he says, “but what we’ve really had to work on is the communication we’ve given to the customer.”

Ellison’s shops have a commitment that they will get a truck looked at within an hour and call the customer to give them an idea of what’s involved in the job and when they can start working on it.

Leshner recently



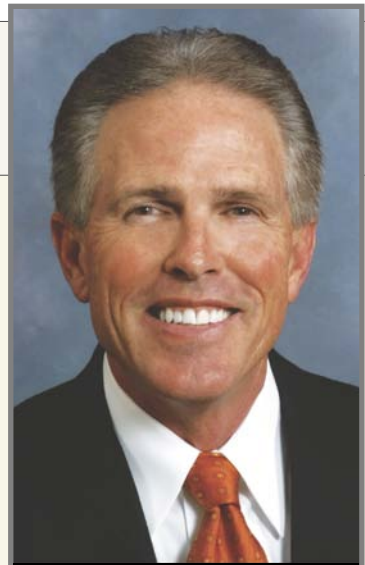
JAY ELLISON
*President
French-Ellison
Truck Center
San Antonio, Texas
Kenworth, Mack*

NOMINEE

Jay Ellison began his career as a truck driver and mechanic. He moved up to working in his family’s dealership as a service writer in 1979. After working as service manager, service director, branch manager and vice president, he became dealership president in 2002. Since 1998, when he became the major equity owner with responsibility over all the company’s branches, sales increased from \$68 million to a high in 2007 of \$170 million. Market share has consistently been over 40 percent for both makes they represent, with some years as high as 50 percent. Ellison attributes much of the company’s success to the excellent work environment and opportunities for advancement provided to employees. Some of the dealership’s senior management has been there for 30 years or more.

NOMINEE

Mark Gillam began his career at age 14 cleaning bathrooms, sweeping the floors and emptying trash at his family’s dealership, which his grandfather started in 1948. He soon graduated to working on the parts counter and driving trucks. After



MARK GILLAM
*President
Floyd’s Sales & Service
Scottsbluff, Nebraska
Freightliner, Sterling,
Western Star*

graduating from the University of Nebraska, he signed on with International Harvester as a management trainee. He progressed through several positions before joining his father in 1982 as a partner at Floyd’s Sales & Service. In 2000, Gillam purchased the dealership from his father. Since then he has expanded the business, which now includes two full sales and service dealerships, an independent parts and service business and a body shop servicing western Nebraska and eastern Wyoming. He also represents a number of trailer manufacturers.

hired a service writer to enhance customer communications. “We got an award in 2008 from Mack for customer service, and we still felt as a group that our communication to the customer was somewhat lacking. So we decided we needed to get some additional help in the service department to write some more business and equally important to communicate with the customer.”

His dealership also offers pickup and delivery to customers, regardless of where they bought the vehicle. They use retired truck drivers who live in the area that like the part-time work.

Gillam says his operation has been looking at all its policies and procedures to help get customers in and out of the shop in a timely fashion with a quality repair.

“In the past, we’ve all been so busy, it’s kind of been like, ‘Take a number and we’ll get to you when we can.’ That’s very frustrating to our fleets and very frustrating to us. In that scenario, we might get the customer in the shop after a long wait and then find out we don’t have the part or

have the right guy available.”

To change that, Gillam’s dealerships have implemented a two-hour quick assessment process, helping to pilot a new Freightliner program called Express Assessment. The idea is to have one of the shop’s best diagnostic experts take a look at the truck and determine the problem, then be able to communicate to the customer whether it’ll be a quick repair, or whether perhaps they don’t have the parts on hand but with an estimate for when they’ll be able to get those parts and get the truck serviced.

“We have gone from a two- or three-day wait-and-see procedure and an unhappy customer, to getting them in the very day they arrive, and a very happy customer,” he says. “This process not only took care of our customer, but allowed us to be more efficient and profitable as well.”

They actually started this process before the slowdown, and is using this slower time as an opportunity to perfect the system.

At Nuss Truck Group, they’ve been investing in technology to give customers live access to their truck status. Nuss’ operation is one of the dealers enrolled in the Mack/Volvo MVASIST system, based on the Decisiv platform. MVASIST is an Internet-based system that keeps all information and communication about a truck service event in one online folder to streamline communications. Fleet- and truck-specific information is tied to each service event. The system furnishes a complete record of in-context communication between service provider and customer available online, so all involved in the service event are on the same page. This reduces misunderstandings and delays.

“If you’re in Phoenix and want to know what’s going on with your truck in Iowa, you can dial up into that system and find out the status of your truck, if they have the parts,” Nuss says. “Communication is absolutely the key. These customers want to know when it’s going to be ready.”

Truck complexity

One factor that has made it more of a challenge for dealers to meet customer demands on truck diagnostics and repair is the increasing complexity of the equipment itself. Computer diagnostics can only go so far.

“A big dilemma is the electronics,” Leshner explains. “Just because it pulls a certain code doesn’t necessarily mean that’s the problem.” And it takes time to track down exactly what the problem is.

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Nuss said on one recent job, his technicians spent six hours trying to figure out why the diagnostics computer could only read part of the truck. “Someone had drilled a bracket into a wiring harness,” he says. “You’re not going to find that in a flat rate book.” It only took about 20 minutes to fix the problem; the time-consuming (and expensive) part was figuring out the problem in the first place.

Jackson also says the last 10 years of emissions mandates are partly to blame. “We spend every year north of about \$40,000 to \$50,000 on training our mechanics, trying to get them to stay on top of that. But even with that, sometimes the manufacturers are still unsure of



NOMINEE

Blake Jackson started working for his father’s truck dealership at age 10, in charge of cleaning up the lot. “It took

me a year to figure out why my father didn’t purchase weed killer – he wanted the weeds to grow and for me to grow in responsibility by learning the value of work.” After working for his father’s business before and after college, as well as a stint working for Volvo AB Worldwide in England, in 2003, he became the youngest Peterbilt dealer in history, purchasing his own dealership in Boise, Idaho. Two years later, he bought 17 percent of his father’s company and became president of all operations, integrating all the dealerships and expanding the company, which currently consists of four Peterbilt dealerships and a leasing operation.

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the problems that are being caused by the new engines, the new technology. I think in the short term, as we enter in with this new 2010 engine, those problems are going to persist. But the longer we go without any major changes in the power train, the better they're going to run, the more familiar mechanics are going to be with them, the more the manufacturer will be able to help us with troubleshooting these problems. And that should help with the efficiency of getting them in and out for our customer base."

Meyering points out that the very complexity of the trucks is also driving more customers to the dealer for sophisticated engine diagnostics and repair.

"Whether it's the brands we sell or the ones we compete with, trucks are much more sophisticated today than 10 or 15 years ago," he says. "A fleet owner that has 30 or 40 trucks he used to be able to hire a technician that could do 90 percent of his maintenance in his own shop. Today, the equipment has become so sophisticated that that's just not an easy scenario for a technician in a fleet shop of 30 or 40 trucks to be able to be well-versed in every area of that

truck. So we have to work with him to help him with what he can do, and to get him some training or some support in what he can do in his shop, and then we have to be there to make sure we're doing for him what he doesn't have the training to do," such as engine electronics and emissions controls.

This is why Leshner sees an increasing trend toward leasing and outsourced maintenance. "With the wild fluctuations in technology and difficulties in trying to determine residual value, why not put all that onus on the truck leasing company?" he says. "If you have a 25-truck fleet and a couple of technicians, nowadays you can only do clutches and oil changes – they can't do the things they did 10 years ago, and it's getting harder to justify having those couple guys around anymore."

However, he said, many customers have a hard time swallowing contract lease payments, especially those first couple of years when they wouldn't normally have many maintenance costs and they're paying more than the true cost would be. "So they give up after a couple of years, and that's

We do the heavy lifting to



Gary Elliot
Territory Manager
Western Region

a bad time to give up – now the provider's made a good profit, and you've cost yourself."

Part of the problem, he says, is too many truck owners don't know their true maintenance costs. "They say 500,000 miles, \$35,000, no way our truck costs that much to maintain! But dig out all the costs – the tires, the tows, the alignment; you can get rid of oil spills on your property, you can save on worker's comp by not having those techs there." Many fleets may not realize how much they're actually spending for technicians when there's not enough work to keep them busy, he says.

Nuss predicts all this could lead to changes in labor rates – you'll see different rates for things such as electronic/diagnostic work, basic maintenance work, and engine overhauls, he believes. "Technicians today need to be specialists," he explains. "In each of our shops, we've got some

"THE HARDEST THING FOR CUSTOMERS AND FOR DEALERS IS THE UNKNOWN."

– **BLAKE JACKSON**

people who can do everything, and some of them who do just one thing."

There's been a lot of discussion about how today's more complex trucks affect technician training, but Leshar points out that it affects those who sell the trucks, too. "The skill set you need is so much higher than it was 10 years ago, and it's hard in this low-volume sales environment to keep a quality guy and invest that money and time in that guy to make it worth his while. With all this EPA-mandated equipment, there's so many more things you have to know to outfit a body, to balance the payload; now you've added two different pieces of equipment in the past three years, which affect the weight on each axle, the fuel tank, how often your fleet can fuel. It was much simpler even six years ago."



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2010 TRUCK DEALER OF THE YEAR

Vertical integration

When asked about the trends going on in their business that affect truck owners, a number of the nominees talked about vertical integration, with truck manufacturers now all offering their own proprietary power trains and fewer options.

Gillam notes that while customers would prefer to have more engine options, "from a small dealership perspective, it is a little easier not to have as many offerings, in that the cost to tool up, train up, have a good selection of parts and really know what you're doing with a lot of different engines is difficult and very costly."

Jackson notes that even Paccar, especially Peterbilt, known as a custom truck manufacturer, is going the vertical integration route, with its recent introduction of its own Paccar branded engines.

"I think it's going to make it more competitive," Jackson says. "The customer, where in the past if he was a Cat lover and could get a Cat in every chassis out there, now he's going to have to love the manufacturer of both the truck and

NOMINEE

A third-generation owner, Greg Leshner bought his father's Mack dealership in 2002 after a career as a professional golfer competing on the PGA, Nike and Asian tours.

He worked as a truck salesman in 1994 and from 2000 to 2001 he spent time in each department and attended a Mack Trucks dealership boot camp to fully understand the business. Leshner capitalized on an opportunity he saw in truck leasing, which contributes to the success of the dealership today, and in fact spends 70 to 80 percent of his time in the operations and management of the leasing business. He added a Hino franchise in 2004.



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*President
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the engine, and the dealer to boot. So there's quite a bit riding on these vertically integrated product, and the dealers and manufacturers are tied closer together along with the customer. I think it's going to be a good thing for the customer, because I think they're going to get more unified service. I think it's a plus for the industry."

"IF YOU WANT TO BE A FIVE-DAY-A-WEEK, 10-HOUR-A DAY OPERATION, YOU'RE NOT GOING TO SURVIVE AS A DEALER IN TODAY'S MARKET."

— RON MEYERING

The high-tech dealer

Of course, sophisticated technology is not appearing just on the trucks, but also in the dealerships themselves.

Saum's group recently opened a new "green" dealership facility in Frederick, Maryland, that is not only environmentally friendly but also a model of the high-tech dealer.

"I enjoy taking a customer or someone from International and open up the door to the tool room, and it's just a room of computers," Saum says. There are computer stations between every bay in the shop, and the diagnostics are all computer-driven. A wireless RFID interface allows the downloading of data from International's multiplexed cab into the service writer's computer, and the service writer can do preliminary diagnostics based on that data to make a determination of the issues the truck is facing.

Nuss' dealership has been a pioneer when it comes to using technology in its business. "We have 65 people with Blackberries," he says, and they started using them before they became commonplace. "It's amazing what we get done. We had Blackberries before any of the factory people. We have the ability to quote trucks right in the field from the customer's office on a Blackberry."

Nuss Truck Group was one of the first dealerships to use the Internet for sales, including a sophisticated parts search system. The system, for instance, can find a brake drum even if you can only read a few numbers in the middle of a 20-digit parts number.

Jackson says technology allows him to keep tabs on his businesses in a way his father could never do. "The amount of information that we can measure on a day-to-day basis is really quite amazing," explains Jackson. "Where problems in the past could take weeks to fester or

months before you recognized you had a problem, we're on it in about a day now."

The changing business

The nominees talked about how dealers and their customer base have been changing over the years.

Meyering remembers when he was a young man working in his father's leasing operation, "We really excelled, because the dealers were open 9 to 5, and they weren't open on Saturdays, and they didn't have evening or weekend service – and we did."

For dealers today, Meyering says, that's not an option. "If you want to be a five-day-a-week, 10-hour-a-day operation, you're not going to survive as a dealer in today's market. You really have to look at your customers' needs and offer them the full scope of services they want. And that doesn't just mean selling them a truck and fixing them when it breaks," he says. It means things like leasing operations, contract maintenance, body shops, mobile services and a host of other services customers today need in order to be successful.

Gillam's main location primarily caters to owner-operators, and with a business that's been in operation for over 60 years, they've seen how the owner-operator has changed.

"There was a time when pretty much what you need to do to make a living was to have a good truck and get the load from point A to point B. Today it's much more than that. The owner-operator has to be a businessman, has to be able to manage his costs. He can't just think about the size and type of truck; he's got to think about things like fuel economy and maintenance costs.

"I think they've had a difficult time adjusting to that, but as they do, I think they become more viable and more profitable in our market. They're all becoming more savvy; for the most part they've been forced to think differently about their businesses. They want help, they're looking for more information."

One of the places they're looking for that information, he says, is their dealer. "They're coming down and talking to our technicians, our service writers, the providers of some of the components we offer, and trying to get boned up on what's best for their particular run or their particular market."

Saum points to the consolidation in the dealer base as a major change in the four decades he's been in the business. "I went out as a zone manager in south central Virginia in 1970," he recalls. "We had 23 dealers. Two years later we were down to 11. In that same area today, there are two."

As chairman of International's dealer development board, Saum says, "We've worked very hard in the last six to seven years looking at how the market was impacting

NOMINEE

Ron Meyering began his career working in his father's truck rental and leasing business as a teenager. In 1989, at age 26, Meyering purchased the used-truck side of the

business from his father. The used-truck business grew and survived through some tough economic times during 2000 and 2001. Meyering purchased a Volvo truck dealership with locations in Grand Rapids and Kalamazoo in 2002. He added Mack dealerships in Kalamazoo in 2003 and Grand Rapids in 2007. Since early in the dealership's history, they have embraced the use of technology. Even as an independent used-truck operation, they were one of the first dealerships to have their own web site and use e-mail extensively, and their shops were some of the first to go wireless.



RON MEYERING
*President
M&K Quality Truck Sales
Byron Center, Michigan
Volvo, Mack, Hino*

our marketplace and what the dealer of the future would look like ... how the next generation would be educated differently, understanding the enterprises they would be taking over would be much different." As an example, he says, his son will take over a six-point location with \$100 million in sales, compared to the single-point dealership with \$25 million in sales that Saum started out with.

"The majority of dealers today are multi-location," Saum says. "They certainly have a wider geographic touch than historically they had. There's really been a transition in what the normal enterprise looks like. It's bigger, it has more employees; obviously leasing is an integral part of our business. It's certainly different from what dealerships looked like when I went to work in 1969."

As Gillam says, "It's more than just having a truck on the lot and selling a truck and repairing a truck." ■

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