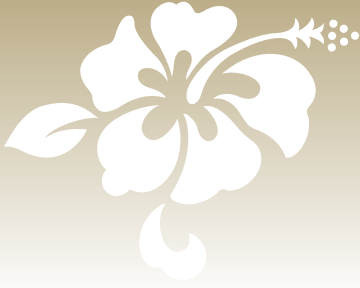


2016

Winner



Lex Brodie's Tire, Brake & Service

Doing Business the Aloha Way

PATTI RENNER | Editor

Ask almost anyone in the tire industry to name some of the best dealers in North America and Lex Brodie's is probably on their list. This year they top our list as well, as winner of the 2016 TIRE REVIEW Top Shop Award.

Founded 55 years ago, Lex Brodie's Tire, Brake & Service Co. today employs 97 full-time and 15 part-time people across five locations in Hawaii, including Kalihi, Aiea, Honolulu, Waipahu and Kaneohe. Founder Alexander "Lex" Brodie sold the business in 1991; about 10 years ago LBTC Holdings, including employee-owners David Sands and Scott Williams, bought Lex Brodie's and haven't looked back.

For decades the iconic tire dealership has been doing business "the Aloha way," providing exemplary customer service and community service

while running a high-volume multi-location operation. The Queen Street (Honolulu) location alone services anywhere from 110 vehicles on a slow day and up to 150 a day when things get busy.

Much like the tightly woven floral leis bestowed upon honored guests to the island, the operations at Lex Brodie's are an intricate blend of compassion, professionalism, management and marketing. Customers are greeted with an "aloha" and a smile. The giant six-foot Customer Bill Of Rights defines expectations and sets the stage for customer service excellence (see page 40).

"The Bill of Rights is a good confidence builder for customers," explains Scott Williams, former Lex Brodie's president and its current executive director of marketing,

branding and communications. "Our goal is 100% customer satisfaction."

Lex Brodie's also offers an on-time guarantee that empowers the employee at the cashier station to essentially give the customer \$2 for every 5 minutes the business misses its promise time. The customer can receive up to \$36, which is what it costs for an Enterprise rental car. If it reaches the point where the employee is not going to hit the promise

Brodie's employees can also offer customers free Uber rides, costing up to \$20.

"We've even empowered them to the point where if someone comes in for a flat repair, which is free, and for some crazy reason we get backed up, they can still offer the Uber ride even if we're making nothing. The key is keeping the customer happy," Williams adds.

Even though it may seem like an expensive

At Lex Brodie's Tire, Brake & Service, the road to success is paved in positive customer experiences.

time – maybe the right parts aren't in or something is frozen – the policy empowers the staff to put the customer in a rental car and buy the shop 24 hours to fix the problem. Lex

policy, Williams sees it as an investment in the future value of that customer, which he estimates is a minimum anywhere from \$500 to \$1,000 over the next two to five years.



TOPSHOPX
presented by **coats**

ake & Service Co.

"If you realize you miss the promise time by half an hour, that's \$12. We tell that person, 'You know what? We missed our promise time. We realize you have a really busy day and you have a busy schedule so we have a Promise-Time Guarantee. That means we're going to knock \$12 off your bill. It's not a lot of money but just the fact that they don't have to complain and their inconvenience is being recognized speaks volumes,'" Williams adds.

Of course, some customers are hard to please and sometimes the motives behind complaints may be questionable. Williams recognizes that most people who walk into a Lex Brodie's location are having a bad day or have a problem. His goal, and the goal of the staff, is to try to make things better for them, to help turn their day around. To do that, employees are trained to be compassionate when dealing with customers, especially when things don't go well with their repair or service experience. They're also

trained that it's the customer's perception of the situation that is the reality – and that proving a customer wrong accomplishes nothing.

"I try to share with the team that there's something that made those people that way," says Williams. "They come in and give you a hard time and

they're really angry at life. The trick is not to let them pull you into their world, into their reality. You have to try hard not to take it personally and not react, but to respond with compassion, which is part of our core values."

Williams continues, "I tell them that if you knew what

made this person like they are – if you knew what was going on at home for them or in their lives – you'd probably bend over backwards to try to help them out. In some cases, you'd be blown away that they're functioning at all. It's something we train on in our sales meetings."





What's Up With the Caveman?

The iconic Lex Brodie's logo of a caveman chiseling a wheel from rock, affectionately named "Little Joe," reportedly came from a booth display Brodie came across at a tire convention in the 1960s. In an interview before his death, Brodie said that he had been looking for a good logo and he bought him for \$25. The original sign was roughly 12x24 inches with a mechanical arm that moved up and down, pounding the rock, powered by two D-cell batteries. The original Little Joe sign was featured in Brodie's early television commercials and was on display at the tire store. Car decals of the image were also very popular. Since then, Little Joe the caveman has evolved into "Dr. Joe," a vehicle diagnostic expert, and "Chaka Joe," a fun-loving Hawaiian dude.

Life on the Island

While it may sound glamorous, running a tire business in the middle of the ocean certainly increases operational complexity, especially when it comes to inventory management, employee quality and business growth.

"It's not like we're on the mainland where we call a distribution center and have tires the next day," said David Sands, Lex Brodie's CEO and president. "We have to plan well in advance and we work very well with our vendors. When a customer wants a specific tire, we have to have it for them. We don't want to say that we have to order it and it's going to take four weeks to get it. We do keep a high inventory level for that reason."

The lack of tire warehouses on the island state has forced Lex Brodie's to innovate and come up with their own approach to make sure they have the products they need to serve their customers. That means business operations folks have to predict, purchase and manage tire and parts inventory for five locations with little room for error. So, in addition to keeping vehicles moving and customers happy, they also have to masterfully manage their inventory and its storage.

According to Williams, the team has it down to a science.

"We have a tool, I call it the 'World's Greatest Spreadsheet,'" says Williams. "We track what we sell, factor in things like the age and type of vehicles currently on the road locally and we have



a person who works those and other factors into a formula to anticipate what we sell and project the need for new sizes, to manage our cash flow. You see the brilliance behind what goes into managing things this way."

Sands agrees, "We're very good and have gotten better at inventory management. We have a man named Robert Smock who has handled our inventory management and logistics for the past 20 years." He credits Smock for their ability to keep the right products in stock.

"We're basically putting orders in each week, so we get tires faster than Costco and our other competitors do," adds Williams. "We came up with an inventory formula so we compare that, plus a cash-flow projection going out 16 weeks. It's actually spooky to see how accurate we've gotten things, but we still make adjustments to keep it healthy and to avoid any cash crunches."

Sands, who Williams describes as a "numbers guy," sees a high inventory as the

cost of doing business when you're surrounded by ocean. He doesn't mind the expense as long as the customers are well served.

"I don't want to lose a customer because we're too stingy and we don't have that tire in stock. We have good relationships with our vendors and we get good terms. I know by traditional standards our inventory is too high – I mean, we won't sell all of that inventory, but we still keep it at that level. For the tires that are obsolete? We rarely have any issue with that. If we see it, we'll discount them or run a special promotion, but rarely does it come to that."

Another obstacle to operating on an island means you may not have access to the pools of talent and employees as you would on the mainland. This has inspired the team to look to the local tech schools, offering internships and other incentives to attract the best employees. They also focus on developing the talent they have

and promoting from within.

"We're a little limited in Hawaii with population so we do our best to work with what we have," says Sands. "It's training, training, training. And we do tolerate people's differences. Hawaii has a unique personality and we think we have a unique personality that certainly fits here.

"A Lex Brodie's employee has to like and respect customers, that's whether they're a tire changer or the president of the company," he adds. "There are some people who just want to come to work, who just want a job. They're not really there to help a customer's day. We see some of that sometimes and those employees don't stay with us for long."

Even after selling the business in 1991 while in his mid-80s, the late Lex Brodie never stopped working to help improve Lex Brodie's employees. Instead of retiring

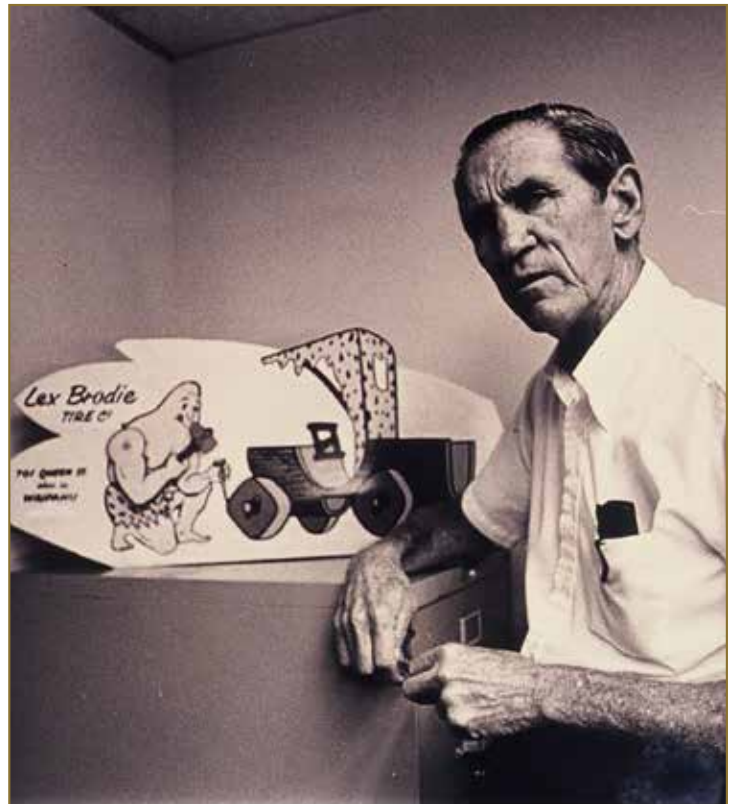
about the level of quality of employees and its decline of the people who walked through the doors of his tire business over the course of 30 years," explains Williams who worked with him for five years before the business sold. "He actually ran for the school board to try to reverse the trend he saw. He was seeing a decline in potential employees with good manners and a strong work ethic so he wanted to do something about it. That's the kind of man he was."

That legacy of Brodie recruiting and training the right kind of person continues.

According to Keith Kobayashi, vice president of mechanical services, the most important quality of a Lex Brodie's employee is their attitude.

"They have to have a good attitude and be very people-friendly," said Kobayashi.

"When customers approach them, they have to come



do lose people to dealerships or to government jobs, but even with frequent offers to work elsewhere, the majority choose to stay.

"Most people are looking for security," he said. "It's certainly not a dead-end job when you work at Lex Brodie's. In fact most of our management team started as tire changers and worked their way up."

Executive Director Scott Williams is one of those people. "I started here out of high school," he shares. "We used to have gas pumps at our Queen Street and our Waipahu locations. I started pumping gas here when I was a senior at Roosevelt High School and when I graduated, I went straight to changing tires and

worked my way up from tires to alignments to sales to assistant manager to manager to general manager to president. Then in the beginning of 2015, our board sat down to figure what we could do to keep the company growing, so my role has further evolved."

Real estate on the islands poses another challenge for Lex Brodie's. Having a business in paradise means it's very expensive to expand. That, plus population growth, or lack thereof, is another issue that's inspired innovation.

"One of our challenges of being on an island is that it's not like your neighborhoods can expand," explains Williams. "It's about as developed as you can make it, so there's not

While it may sound glamorous, running a tire business in the middle of the ocean certainly increases operational complexity, especially when it comes to inventory management, employee quality and business growth.

Brodie was elected to the state board of education where he served for 11 years.

"The reason Mr. Brodie ran for school board is that he was frustrated and concerned

across with confidence and a willingness to take the time to explain and educate them."

Because of a limited pool of well-trained techs in Hawaii, Koyabashi said they sometimes

a demographic that's going to grow a lot. We basically looked at how we can continue to grow our customer base, which means we have to go after customers who we're not currently reaching, who were going to competitors."

To address this, the executive team decided to "double down" on social media and marketing in early 2015. Williams' role changed as a result.

"If we were going to play in that arena, we were going to go all the way and not have someone distracted by other things by other parts of the job," explains Sands. "Scott is fantastic at what he does, yet there was no way he could do that with everything else he had going on. Soon after we made the decision, we did some reshuffling of responsibilities and gave Scott as much as he

When the decision was made to focus more on growing the customer base through social media and marketing, it had to be somebody's job – someone at a high level.

Five-Star Success

According to Sands, when the decision was made to focus more on growing the customer base through social media and marketing, it had to be somebody's job – someone at a high level. So after years of being responsible for both marketing and operations as president of Lex Brodie's, the executive team saw an opportunity in transitioning Williams' focus to social, community building and marketing, delegating his day-to-day operational tasks to others across the organization. It also opened opportunities to promote from within to better distribute responsibilities to prevent burnout.

It was a big change, and a risk worth taking for the success of the organization.

can choke on," he laughs. "He's done very, very well."

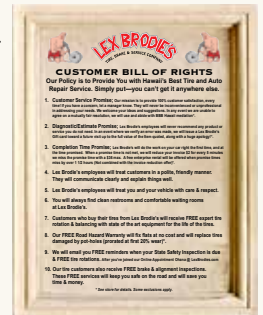
Sands went on to say that it took several months before they started to see real results.

"Our success in social media didn't happen on day one," Sands says. "We had to put in the time to learn how to be good at it."

Lex Brodie's eventually saw the number of store phone calls and people looking for quotes or an appointment increase significantly as a result.

"With the analytics we have now versus a year ago or two years ago by store, we know that the more engagement we have on our social media sites and on Yelp, the more phone calls we have and the more we convert those phone calls to sales. It works. The trend graphs match perfectly," Sands explains.

Lex Brodie's Tire, Brake & Service Co.'s Customer Bill of Rights



1. Customer Service Promise - Our mission is to provide 100% customer satisfaction every time! If you have a concern, let a manager know. They will never be inconvenienced or unprofessional in addressing your needs. We welcome your ideas and suggestions. In any event we are unable to agree on a mutually fair resolution, we will use and abide with BBB Hawaii mediation*.
2. Diagnostic/Estimate Promise - Lex Brodie's employees will never recommend any product or service you do not need. In an event where we verify an error was made, we will issue a Lex Brodie's Gift card toward a future visit up to the full value of the Item quoted, along with a huge apology!*
3. Completion Time Promise - Lex Brodie's will do the work on your car right the first time, and at the time promised. When a promise time is not met, we will reduce your invoice \$2 for every 5 minutes we miss the promise time with a \$36 max. A free enterprise rental will be offered when promise times miss by over 1 1/2 hours (Not combined with the invoice reduction offer)*.
4. Lex Brodie's employees will treat customers in a polite, friendly manner. They will communicate clearly and explain things well.
5. Lex Brodie's employees will treat you and your vehicle with care & respect.
6. You will always find clean restrooms and comfortable waiting rooms at Lex Brodie's.
7. Customers who buy their tires from Lex Brodie's will receive FREE expert tire rotation & balancing with state of the art equipment for the life of the tires.
8. Our FREE Road Hazard Warranty will fix flats at no cost and will replace tires damaged by pot-holes (prorated at first 20% wear)*.
9. We will email you FREE reminders when your State Safety Inspection is due & FREE tire rotations. After you've joined our Online Appointment Ohana @ LexBrodies.com
10. Our tire customers also receive FREE brake & alignment inspections. These FREE services will keep you safe on the road and will save you time & money.

*See store for details. Some exclusions apply.



He adds that having someone respond to feedback quickly from a position of authority not only helps boost your reputation with today's customers checking you out online, it also is a nod to the way Lex Brodie's has always done business.

"The one thing about Lex is that he was always here," Williams recalls. "Customers knew that they could always talk to him and share a concern with him, so now it's the same, but it's gone digital. If someone comments on social media or if they go to the contact page of the website, those all go to me. I think it means a lot that the customers can see that if there is a problem, they can still go to the top and get it handled."

Williams says that some business owners he talks to are skeptical of Yelp and think it's a scam, that if you don't spend money marketing with them, you'll end up with more complaints on the website. Williams disagrees.

"It's all up and up," he says. "Yes, it's a pain and of course it's not fair that if we have 100

Swearing By Yelp

While some tire dealers refer to Yelp as "that four-letter word," the team at Lex Brodie's has embraced the consumer review site and now uses it to their advantage, in addition to other social review sites. Not only does the company make Yelp a priority when it comes to building its brand within the community, Lex Brodie's also uses it as an advertising medium with paid listings.

As president, Williams had always managed any negative Yelp reviews while a staff person would respond to the positive ones. He said that a quick response from someone with authority is essential. Today he uses the Yelp Business app to alert him immediately to any activity on the site.

"Once I set up that app, I got notified anytime anyone does a Yelp post," Williams explains. "If I'm at my son's

baseball game and see a Yelp come through and it's a five star, I let Tracey (the one who handles our social media) handle it. But if I see a one-star review come through – even if it's at 10 o'clock at night – as long as I'm not having family time, I respond right there. It blows people away.

"A lot of time the responses we post are for everybody else who happens to see the negative review so they see how we respond to it. I mean, nobody's perfect – we all have things that go wrong, and there are some customers you can't please, but even with those people, we try to set the example."

Williams has similar email alerts set up for BBB and Google+ reviews, but managing Yelp successfully seems to be paying the best returns for the time invested.

Williams explains how he handles negative reviews:

"Sometimes I can give a drawn out response. Other times I'm thanking them for sharing their feedback and I ask them to email their invoice number and relevant information so I can look into it. Not everyone responds, but it stops them from their smear campaign that we didn't impress them that day. Now they wait to see what you'll do as follow-up. The key is to try to put an end to it as fast as we can."



customers come to Queen Street in one day, 99% of them can be happy – and a certain percentage of them will be really happy – but unless they're a premier Yelper they're probably not going to go to Yelp and leave you a positive review.

"But even though 99% are happy and content, that 1% who fall under Murphy's Law – that anything that could go wrong did go wrong – when they leave, they'll spend all weekend trying to figure out 'the Yelp thing' and how to use it so they

can share with the world how much you ruined their day. You have those lopsided negative reviews that show up, so we started a program earlier this year to help with that. Our Yelps were actually in pretty good shape, but we had one store at

3.5 stars and this helped bump them up to 4. For one store, I noticed that the 4-star (rating) was teetering on one review. (When below 4), the leads for that store would go down, so it's really important to stay at four stars or higher."

Where does "Thank You... Very Much!" come from?

"If you grew up in Hawaii and are over the age of 30, you grew up with [Lex Brodie's] commercials so if you hear 'Thank you... very much,' they just think Lex Brodie's like our trademark," says Williams.

Lex Brodie was a life-long advocate of the raising children with the traditional qualities of courtesy, kindness and work ethic. The iconic tagline reflects his constant campaign to reinforce the importance of good manners in his community.

According to author Bob Sigall who profiled Lex Brodie's business in his book series, *Companies We Keep*, the well-known Lex Brodie's slogan was adopted by the business after an exchange with a young boy. The boy asked for a Little Joe decal and Brodie obliged. But after he took the gift, Brodie asked him, "What do you say when someone gives you something?" Even with his mother's encouragement, the boy stayed silent, staring back at him.

"Say thank you," the mother pled. "No," Brodie replied, "Say thank you very much." This exchange inspired him to teach "civility by example" through his TV commercials and in his business transactions. Today it's used throughout the business.

"Lex always said 'Thank you... Very Much' at the end of his commercials back in the 1960s – you can still see some of them on YouTube," says Williams. "He truly was a



pioneer for local TV advertising. When you think about it, he was making and airing his spots in the early '60s when TV was still catching on, and he would always end with that. It was his way of setting an example of civility and being appreciative."

In 2004 the Lex Brodie's Tire Company Foundation created the "Thank You... Very Much" Awards to pay tribute to Lex Brodie's legacy, as both a tire dealer and a state school board member. Students across Hawaii submit letters of gratitude for the award and can win classroom grants, trips and unique prize experiences.

"It's a really special program because every time you go, you get to meet the teachers, the parents, the kids – you are touched by it," Williams shares. "When

we first started the program, there was a marketing and PR aspect of it, naturally. The thing I realized is that if you come up with a really good program, it's fine that there's a positive business aspect to it – in fact, it's a healthy thing. But once you get the program going and you see how it makes a difference, you forget about the marketing side and the positive PR and you start to love it.

"For many businesses who want to get into more community things, they may think, 'How can this help us?' instead of how can we give back. And that's OK, because if it's a good program, the buy-in will come as they see how they're affecting others in a positive way through the program they support."

2016 Winner

In addition to social reviews, Lex Brodie's website is loaded with content to educate consumers on vehicle care. They've also added other digital tools to better connect with customers. Using

the Clear Mechanic tool increases transparency into the process by sharing photos and videos of repairs with customers online (which also helps in documenting the need for the work performed).

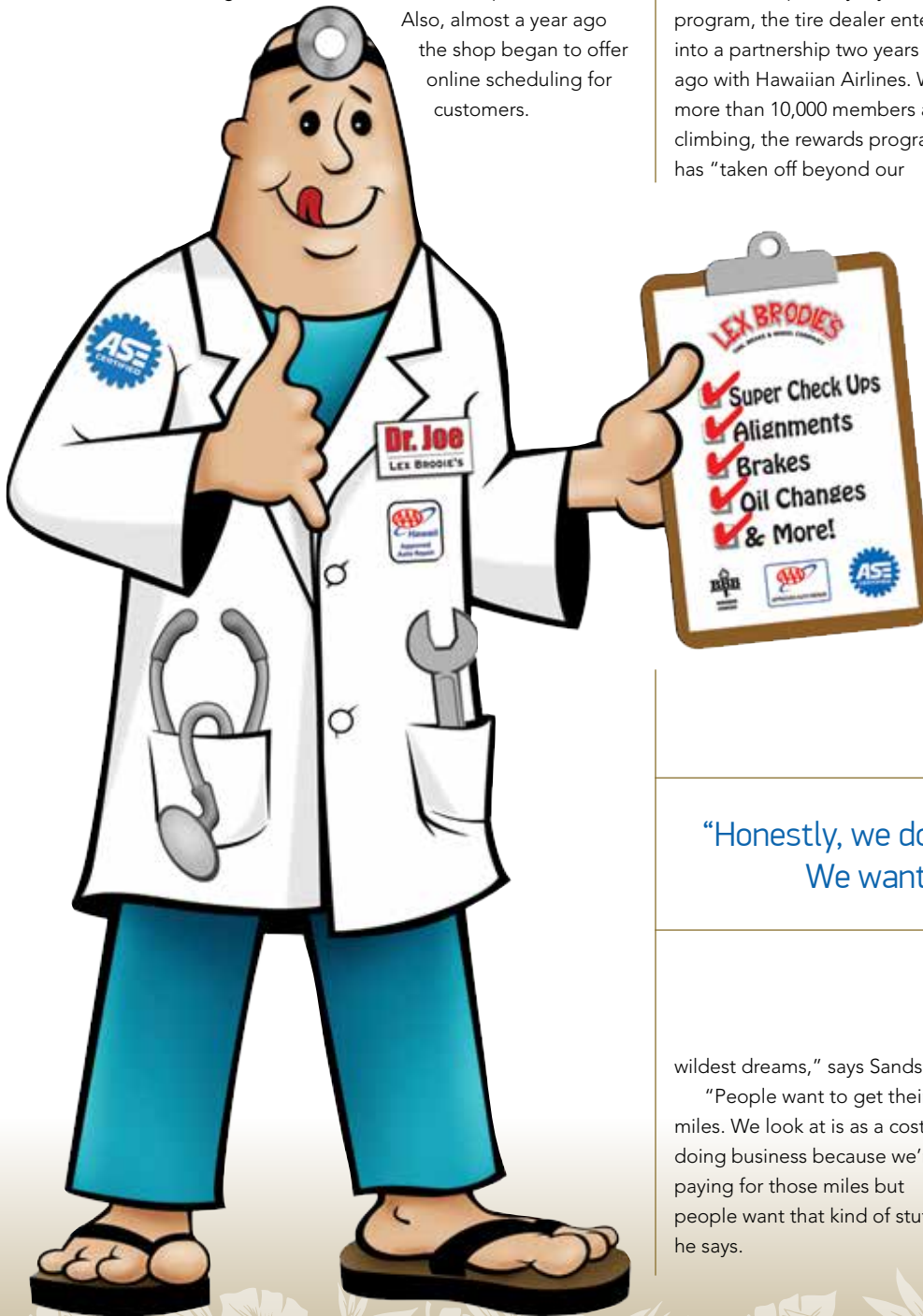
Also, almost a year ago the shop began to offer online scheduling for customers.

"Some people just don't like to make phone calls. They just want to make an appointment without talking to anyone, so now they can. It's small things like that," explains Sands.

To beef up its loyalty program, the tire dealer entered into a partnership two years ago with Hawaiian Airlines. With more than 10,000 members and climbing, the rewards program has "taken off beyond our

Known for their community involvement, Lex Brodie's and its foundation also has developed and maintained many programs in the community. The "Thank You... Very Much" Award promotes civility and courtesy among students (see page 44). They also have programs in recognition of veterans and public servants, recycling education and more. Charitable giving is part of the way they do business.

"It all ties together," explains Sands. "Yes, we have seen a significant increase in activity since we're matured in the last nine months in some of these arenas. The age of our customer has become younger. We're seeing that numbers of people under 30 are increasing slowly. It's not like they've doubled, but we're making easier for them to find us and to do business their way. But it's not just about making it easy for

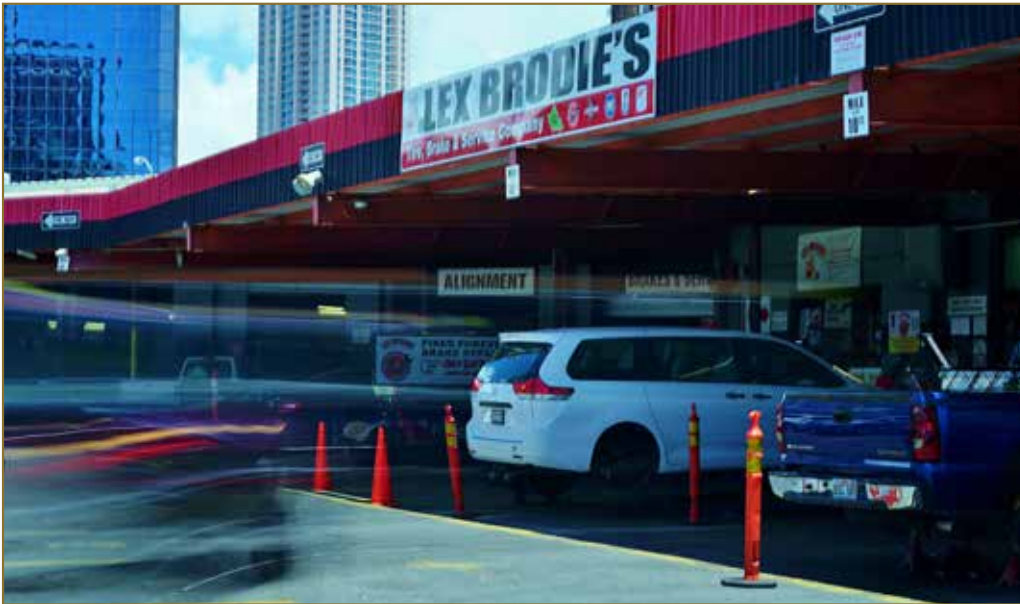


"Honestly, we don't want to stay even.
We want to get better."

wildest dreams," says Sands.

"People want to get their miles. We look at it as a cost of doing business because we're paying for those miles but people want that kind of stuff," he says.

the kids – it makes it easy for everyone. Plus, it's becoming the way of the world. You need to embrace it," said Sands, who is 58. "Honestly, we don't want to stay even. We want to get better."



Leading By Example

At Lex Brodie's Tire, Brake & Service, the road to success is paved with positive customer experiences.

"I keep telling the managers and the sales team and everyone that you may have a record sales day but the bigger thing to me is how many of these customers are going to come back to us when they realize they need something, that they need brakes or something else," says Williams.

"It goes back to the marketing funnel, that only half the equation is getting the customer in the door; the other half is how well you met their needs, were you friendly and helpful to them, how well we handle things on the social media side, how well you got them signed up for our loyalty program so we can stay in contact by email or by text, and did you put the little tire pressure sticker on the window? You do all of these things right

and you're going to have a customer coming back to you. That's the best part of your base, your loyal customers who then attracts more customers."

With deep experience in managing and growing businesses within and beyond the tire industry, TIRE REVIEW asked Sands what advice he might share with other tire dealers.

"This may not be what people want to hear, but they should have someone come in and look at things from a customer's point of view, not from an owner's point of view," he shares. "You may do things a certain way but you've got to listen to the customers. Nobody should be doing things the way they did things 10 years ago. You just can't – well, you can, but you won't be successful. Putting a new TV set in the lounge isn't enough."

Lex Brodie's set a standard for excellence, which transcends the tire business. In addition to

being a two-time TIRE REVIEW Top Shop Award Finalist in 2008 and 2013, they also were honored by the Better Business Bureau in 2011 with the BBB International Torch Award for Excellence in Customer Care, the first tire dealer to be recognized by the BBB since the award's inception in 1996.

While the other recognitions are appreciated, it's the TIRE REVIEW Top Show Award they value most.

"It's really because of our customers and our employees that we got here," says Sands. "It's just that simple. The 55 years of being in business and our success is all because of our people and the things that we do – if our employees didn't care, we'd be nothing." **TR**

Top Shop X Judges

The 2016 TIRE REVIEW Top Shop Award Winner and three Finalists were selected through a rigorous multi-stage judging system. The first team of judges went through the dozens of original entries, selecting 24 semi-finalists.

That group of entrants was required to provide additional entry materials for a detailed review. Following that round of judging, the top 10 semi-finalists were submitted for final judging.

This year's judges represented a wide range of disciplines, including advertising, customer service, shop design, vehicle service and community engagement.

Top Shop X judges included:

Hennessy Industries, TIRE REVIEW Top Shop sponsor all 10 years of the award

Brian Cruickshank, director of the University of the Aftermarket at Northwood University

Gary Hoyt, head of sales and marketing, tireshowrooms.com

Steve Ferrante, TIRE REVIEW sales columnist and CEO of Sale Away LLC

Michael Miller, former director of news and community content for United Way of Greater Cleveland