Who is North America's Best Dealer?

Here's a Hint: 'Tires' is Their Middle Name
TOP SHOP 2010

North America’s Top Shop Winner

Tires, Tires, Tires
If it all ended tomorrow, Dan and Dale Nothdurft would be just fine. More than OK. But if Tires, Tires, Tires ended tomorrow, the entire Siouxland region would be all the poorer. Not because there aren’t other places to get tires and vehicle service, but because of what Tires3 (as they call themselves) means to the fabric of the communities it serves. And that relationship between tire dealer and community — as well as many other things — was a major reason why Tires, Tires, Tires, based in Sioux Falls, S.D., is the 2010 winner of the Tire Review Top Shop Award presented by Ammco/Coats.

The Tires3 owners live by a simple creed — Treat people the way you want to be treated — a throwback motto that sets the pace for the entire three-store, 53-employee operation. The brothers' old-fashioned values of honesty, hard work, family and community have been the backbone of Tires3 for all of its 24 years.

While the Tire Review Top Shop Award recognizes the business and not the owner, to understand what makes Tires3 such a success — and the Top Shop winner — you need to understand the Nothdurfts.

The grandsons of German immigrants. Born and raised on the family farm in South Dakota. Brought up to believe in the value of integrity and back-breaking hard work. Part of a culture that thinks nothing of pitching in to help neighboring farmers bring in their crops. That puts “self” behind “others.” Folks who shun even mentioning all of the local awards Tires3 has earned (it took them days to realize the importance of the Top Shop Award, according to operations manager Gary Michaels). Two men who are patient enough to “just let things unfold,” but know the best way is a straight line. A pair smart enough, like a farmer that grows multiple crops, to understand the value of business diversity.

Two accidental tire dealers who, as founder Dan says, “didn’t know anything about tires or cars or how to run a business. We just knew how to be honest.”

But make no mistake — the Nothdurfts are no country bumpkins. Dan and Dale are both shrewd businesspeople.
and while they started in the business with no background to call on, they have learned as quickly and efficiently as their stores operate.

**THE EARLY DAYS**

Dan founded Tires3 only after his farm – like so many others in the early 1980s – failed. After that, he went back to college and worked part-time at his uncle’s small tire business. One day, his uncle suggested he open his own tire shop, an idea that didn’t seem that far-fetched to the green ex-farmer.

Eventually, with $1,500 of borrowed money in his pocket, Dan found a two-bay gas station in Sioux City, Iowa, about an hour from home. “My budget was $600 a month for rent,” Dan explains. “I knew that was all I could afford. I wasn’t sure how I was going to negotiate that. When I got to the meeting, the owner said, ‘I can’t take less than $500 a month, and I’ll throw in an air compressor.’ That’s when I knew that I had found a calling.”

A bank loan allowed him to immediately repay the other loans, and the bad roads of Sioux City gave his fledgling business all it could handle. “We made money from day one just fixing tires,” he says. And he sold plenty of new and used tires, as well, as the late-October grand opening immediately gave way to snow – and snow tire customers. Having just two bays, Tires3 became quite adept at getting customers in and out quickly, but not sloppily.

Younger brother Dale worked at Tires3 during summer breaks from college and joined the business full-time after graduating in 1991. Today he is a full partner and handles the business side, while Dan focuses on marketing and customer service.

Almost from the day Dale joined Tires3, the pair started planning for the future. They wanted to grow the business, but be smart about the process. The tiny two-bay shop got its first of four expansions in 1998, and now has 17 bays. Almost like a ghost, part of the foundation from the original store can be seen poking up in the parking lot of its replacement.

Later, an all-new, nine-bay store was opened across town. To get the land and zoning for that store, the brothers agreed to build and run a small strip mall on the property. Now anchored by a Radio Shack, the strip mall was the Nothdurft's first diversification move.

A more recent diversification move happened because the brothers became frustrated with area sign companies. Repairs took too long, and new signs were slow to materialize. So they bought a sign company, and now have regular contracts with numerous area businesses.

In 2007, Tires3 expanded north to Sioux Falls, remodeling a 35,000-square-foot former car dealership into a 25-bay palace of a tire dealership. Built in 1946, and constructed with used
steel beams stripped from a closed bridge (steel was still scarce in the early post-World War II period), the former Dodge store had everything the imaginative Nothdurfts were looking for – and at a tremendous price.

Serving as their own general contractor, the Nothdurfts stripped the building almost to the bone, tearing out walls and putting new ones up where they wanted. Staircases and restrooms were moved. Some 600 gallons of white paint were needed to cover the old gray ceilings and superstructure. New lighting was added. And what is arguably the best, most spacious customer waiting area in North America was designed and built.

The waiting area covers around 1,200 square feet of floor space, and includes a lounge area with a working fireplace, big screen TV, leather couches and tables; a more traditional chair-and-table area; a customer work space with a computer and WiFi; and an enclosed children’s play area. Free cookies (freshly baked in-store all day), soft drinks, tea and coffee, newspapers and magazines top off the fully carpeted area.

The Sioux Falls store “was built the way we thought a tire store should be,” the Nothdurfts say, and is now the model for all future Tires3 locations. And, in time, there will be more, says Dan.

SMART MARKETING

Every good business needs a great logo, a visual “mascot” that connects with customers and, like all great logos, becomes instantly recognizable.

“Tireman” is Tires3’s logo. And he is 15 feet tall. There are three “Tiremans,” actually, one standing guard at each store. Dan’s brainchild, Tireman is a welded steel skeleton covered in actual tires, with a tire/wheel assembly serving as the head and, depending on the store, hands made of tires or exhaust parts.

Today, images of Tireman grace business cards, stationery, staff uniforms, advertisements, TV spots, flyers – just about everything. And Tireman figures prominently in Tires3’s online and social media efforts. An all-new website (tires3.com) was launched earlier this year, with some 200 pages on new customer education content, and Tires3 added a Facebook page, a Twitter account, and photos and videos on Flickr and YouTube.

“Through all of these sites, we can feature service specials, customer testimonials and informative updates from our mascot, Tireman,” Michaels says.

As a result, everyone in Siouxland knows Tireman, and Tires3 knows a lot of people in Siouxland.

But Tireman is just one part of the “outside-the-box” marketing schemes the Nothdurfts dreamed up. The brothers bounce ideas off each other all day, they say. The good ones stick for further discussion; the bad ones are soon forgotten.

The Tires3 message isn’t so much about selling tires as it is about promoting safety, “and we communicate that through our commercials and public service announcements,” says Michaels. At least twice each year, Tires3 brings together a group from inside and outside the company for brainstorming sessions. “This allows us to assess customer needs, hear different viewpoints, test marketing messages and discuss new services that would benefit our customers.”

One successful marketing move is something few – if any – have tried: free oil changes. No, not just for the first 10 people or for those who showed up between 1 and 2 p.m. This was for everyone, all day, no exceptions. Police had to come and handle traffic; cars and trucks circled the block – and then some – for nearly 24 hours. In all, Tires3 gave away 1,800 oil changes to celebrate the grand opening of its huge Sioux Falls store – but, as Dan says, “we got 18,000 referrals.”

Want more outside-the-box thinking? How about free brake pads? Not cheap, third-world pads, these were premium brake friction. All the customer had to do was pay for the install. Another few hundred customers on the rack, and another few thousand referrals. Why higher-priced, premium pads? “We didn’t want the comebacks, unless the customer was coming back for new tires or other service,” says Dale.

Or how about paying the freight for a series of 44 tire and car care PSAs on a local TV station? Or creating a printed “leave behind” piece about not texting while driving, complete with coupons, placed in every customers’ vehicle? Or giving away thousands of dollars in college scholarships to help promote safe driving to teens?
GIVING BACK

That last one straddles the line between marketing and charity, but like many smart and successful dealers, the Nothdurfts know that some charitable acts are best done quietly and privately, while others can help keep a business in a positive light.

The “Driving Toward a Better Future!” scholarship program, which covers high schools in Sioux Falls and Sioux City, presents two $1,000 scholarships to students exhibiting great grades, community involvement and a serious commitment to safe driving. Ten other students receive $200 Tires3 gift certificates to help get their cars ready for college.

Then there is Angel Cars. “We wanted to do something to help battered women,” Dan explains, “to help them get away from bad situations.” After becoming involved with the local Wheels to Work program, that idea snowballed, and pairing up with a top-rated local radio station, Angel Cars was born. The basic idea was to take in donated vehicles, fix them up to make them safe and reliable, and give them away to single mothers who desperately needed wheels to get a job or go back to school.

Before Tires3 got involved, Wheels to Work would provide three or four used cars to area single moms who needed them. “The first year we got involved, in 2009, we thought we might get a dozen or so cars in,” says Dan. In all, 75 cars and minivans were donated by Siouxland residents. Some were too far gone to be fixed and had to be scrapped, but Tires3 put nearly $40,000 into the rest and turned out more than four dozen safe, road-worthy rides.

With the harsh economic climate, this year’s program was expanded to help needy families, and another 40 cars and minivans made their way to grateful new owners.

Tires3 also plays a huge role in Support Siouxland Soldiers, a non-profit program that sends care packages to the deployed military personnel from the region. Last year, Tires3 served as a donation drop-off point and bivouacked — complete with a military tent — in the parking lot of its newer Sioux City store. The Tireman there was dressed in military fatigues, thanks to Dan and Dale’s mom, Dorthy, who created the 15-foot tall mascot’s costume (she also created Santa suits for all three Tireman figures). Dad, Melvin, 79, who still runs the family farm, also pitches in to help.

This year, Tires3 has been enlisting the help of other local merchants to serve as collection points for donations, and Dan hopes they can put together even more care packages for “our hometown heroes.”

Besides these very public efforts, Tires3 and the Nothdurfts make numerous donations of time and money to dozens of local groups, schools, youth sports, church groups — a seemingly endless list.

For its work with the Angel Cars program, Tires3 was proud to be nominated by Life 96.5 for a Spirit of Volunteerism Award. It also received the 2010 HELP! Line Center Corporate
Humanitarian Spirit of Volunteerism Award, and the Hero award for its work with the Siouxland Soldiers program.

**TIRES, TIRES AND SERVICE**

“Maybe we’re blessed to not know the right way to do this,” says Dan of how Tires3 does business. And it does a lot of business.

With a mix of 45.7% tires and 54.3% service (less than 1% of sales come from wholesale), Tires3 has seen gross sales rise even during the recession. Tires3 was up 9.6% year-over-year in 2009, and thus far in 2010 has seen a 14.2% jump in gross sales.

Service has played a key role in recent years, as it has in many parts of the country, growing nearly 4% of the mix since 2008. “People are trying to keep their vehicles longer,” says Dan, so Tires3 is trying to leverage that to a greater degree. But more on that later.

Even though Tires3 gets twice-daily tire deliveries, they keep some 8,000 tires on hand, regularly selling Michelin, BFGoodrich, Uniroyal, Bridgestone, Firestone, Continental, General, Goodyear, Yokohama, Nexen, Mastercraft, Nitto, Primewell and Carlisle.

While used tires were part of the offering when Tires3 started, the Nothdurft family has long since ended that practice. They see no value in it, and say they will work hard to help any budget-crunched customer get good new tires before they will sell used ones.

Being in a mixed urban/rural region makes for some tough tire applications. For example, many farm areas have nothing but miles of gravel roads, which means Tires3 has to carry pick-up tires that are cut/chip resistant. The change into fall and winter – winters can be quite harsh across Siouxland – only adds to the stocking headaches. But tires they got, and tires they get from local American Tire Distributors and Friend Tire Co. warehouses, and direct from manufacturers.

Vehicle service is easily handled by a large staff of well-trained service techs. All are paid a straight salary – no commissions – and are paid quite well, which the Nothdurfts feel helps keep...
the customer first. “We try to eliminate as many problems as possible, that way we don’t have problems with customers,” Dan says. They disdain the entire commission idea, and feel it leads to damaging competition, unproductive employees and jealousies. “No commissions, no problems,” Dan says.

No problems and good pay mean a motivated and loyal staff. One long-time service tech thinks nothing of coming in well after hours (like at 1 a.m.) to finish customer vehicles “because they need them to get to work the next day.”

The service side has become a Tires3 focus, if only because car dealers in the Siouxland region have been quite aggressive in promoting tire sales. Taking an, “If they want to go after us...” mentality, Tires3 hatched a plan.

First, Tires3 invested in the latest GM and Ford training, equipment and tools, and made sure all of the service techs received additional training. “Then we did some research and found that on average, for routine regular service, customers would pay $300 more at a car dealer than with us,” says Dale. “That’s the basis of our latest ‘Why Go to the Dealer?’ TV and online ad campaigns.”

“This is another way we can help save our customers money,” Dan says.

IT’S THE PEOPLE

Both men, as you might expect, are humble, as are their employees. The Nothdurfts don’t like to spend time talking about themselves or the things they do, but they will go on when it comes to their employees and what they mean to the success of the company.

Besides seeking out top-level service techs and maintaining a cooperative shop atmosphere in which they all can thrive, Tires3 front counters are manned by true experts, veterans of an auto business. An ex-sales guy from a Sears Auto Center, the founder of an exhaust business, and the former owner of a parts store. People, as Dan says, who understand what it means to own a business, who share the same passion for customer service, and who understand why it’s important to get it right the first time, every time.

“People want to buy from honest people,” says Dan. “The whole thing is represented by our front line people and in the service area.”

And they love the look and feel of the Tires3 locations. Little wonder as each store has its own full-time cleaning person, who also doubles as the courtesy vehicle driver. When not dropping off customers, the employee constantly tends to restrooms, floors, displays and service bays.

Tires3’s ASE-certified technicians participate in ongoing education, including classroom, online and hands-on training through ACDelco, Snap-on, Hunter, Advance Auto Parts, NAPA, O’Reilly’s and TIA. In fact, its lead service technician already has completed more than 100 online classes to date this year.

The tire technicians also complete tire repair certification through Myers Tires Supply, and sales professionals participate in programs such as the Michelin Training Network,

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Continental Engage 360, Bridgestone ProCert and Yokohama Exceed Training. The Nothdurfts and their managers take part in training through Michelin and Bridgestone, as well as other topic-specific training on safety, OSHA compliance, human resources and more. “We also follow industry trends and developments to ensure we have the latest equipment and computer updates that allow us to provide state-of-the-art service,” says Michaels.

Once a year, the Nothdurfts take a small group of employees on a resort vacation to Mexico as a way to thank them for their contribution. The group rotates from year to year so that every one of the employees gets a chance to go every few years.

Having a strong group of loyal employees has certainly helped Tires3 in a highly competitive market.

Besides car dealers, the Siouxland region gives residents dozens of choices for tires and car care, including the usual mass merchants and company-owned stores, major independents like Pomp’s Tire and Big O, chain shops like Meineke and Midas, and a wagonload of smaller independents.

Despite that jungle of competition, Tires3 has often been voted by the locals as the best place to get tires and service. In fact, local residents named Tires3 the best place for tires and the fifth-best for service in the Sioux Falls Local Best poll of some 3,000 locals.

**ALWAYS THE CUSTOMER**

Despite the accolades, no one at Tires3 takes the competition for granted. All of that competition, in fact, motivates the Nothdurfts and their staff, and staying ahead of what the customer wants is a constant point of conversation.

“We have the flexibility to change our business to meet customers’ needs,” Dan explains. “We can provide any product without being tied to one particular brand. Whatever customers want, we will find it for them.”

The sharp appearance of each store is just the start of the customer service experience. “Our customers can take their vehicles to many different places for repair or for tires,” says Michaels. “That is why we pledge to fix our customers’ cars right the first time. We don’t cut corners and put their safety at risk, and we charge only a fair price for our work.”

Every vehicle that comes to Tires3 for service goes through a complete 27-point vehicle inspection. Customer-friendly checklists are used to help identify the nature of a vehicle’s problems, and explain them to the owner.

They aren’t thinking about the exact ‘shop terminology’ when trying to describe the problem – and we don’t expect them to,” says Michaels. “Instead, we use customer-friendly tools like our Suspension, Handling, Body Noises, Rattles & Squeaks Worksheet,’ so they will feel comfortable describing their situation using words like ‘squeaks,’ ‘rattles,’ ‘whines,’ ‘shakes’ and ‘shudders.’”

Tires3 plans to make that form available online for customers to download and fill out before they come in.

With no commissions at Tires3, customers won’t get pushed for added services they really don’t need.

“A lot of things have changed since we first opened, but one thing has not changed: we know that if it weren’t for our customers and a healthy and vibrant community, we would not be in business. And this guides every decision we make,” says Michaels.

Tires3 has received a trailer-full of customer testimonials, but perhaps the best testament to the business comes from a 20-year employee – the guy who comes in at 1 a.m. to help customers – Duane Lukes. “They go above and beyond what they need to do as an employer. Whether it’s vacation time or support for employees’ personal issues, they really go above what they need to do in order to help their employees. I like it because we work as a team. Everyone just does whatever it takes to get the job done. It’s a team, and it’s a family. You can talk about whatever you have going on, and you know you can get support and good advice. We have a lot of young guys working here – many are 20 years younger than I am – and I like it when I can give them advice to help them out. I also admire what the company does for the community. They give their time and resources to help people in need. I love hearing people talk about Tires, Tires, Tires in the community. It makes me want to get to work and do my job.”

Yes, if it all ended tomorrow, the Nothdurfts would be fine. But they love the tire business, they cherish their employees and customers. “This is the door that opened for us and you go through the doors that open,” says Dan. “It is rewarding to know that the work we do helps others succeed, allows people to get to work, and provides dependable transportation for families in our communities.

“All we know is family and the value of hard work.”

And for that focus, and so much more, Tires3 earned the title of 2010 Tire Review Top Shop Winner.
Here is Proof That Old-Fashioned Values Still Bring Success

Honesty  Integrity  Outstanding Facilities
World-Class Customer Service
Family- and Community-First Attitude
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