

MODERN TIRE DEALER

NOVEMBER 1993

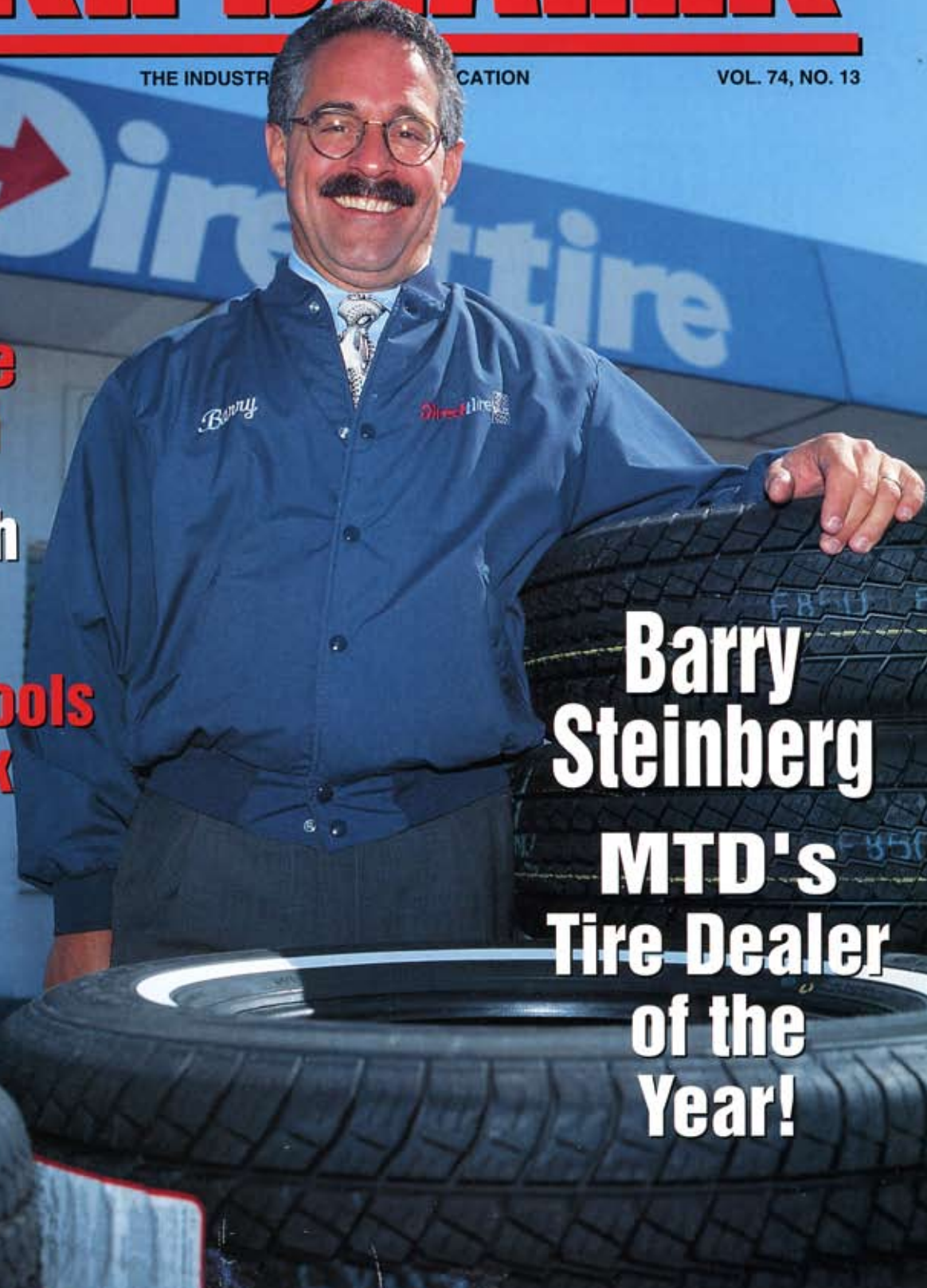
THE INDUSTRY PUBLICATION

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**Scramble
for China**

**High-tech
tires**

**Simple tools
that work**

A photograph of Barry Steinberg, a man with a mustache and glasses, wearing a blue jacket with "Barry" and "Direct Air" logos. He is smiling and leaning on a stack of tires. In the background, a sign for "Direct Air Tire" is visible.

**Barry
Steinberg
MTD's
Tire Dealer
of the
Year!**

Barry Steinberg: MTD's Dealer of the Year

Service with a style



Take a bow, independent tire dealers.

The 43 nominations for *Tire Dealer of the Year* revealed the astonishing commitment these dealers make to their industry and their communities.

From all parts of the U.S. came examples of enterprise, creativity and hard work — reasons to make all dealers proud of their profession.

Outstanding as he is, the choice of Barry Steinberg as our first *Tire Dealer of the Year* was not an easy one and the voting of our four independent judges was close.

From this year's competition, one thing became obvious. Our *Tire Dealer of the Year* award should become an annual event. The materials submitted for this year's competition have been retained by *MTD* and need only be updated in 1994 if the candidate's names are resubmitted. The 1994 competition will be announced in our February issue with the winner to be named next November.

We thank all of those who nominated the outstanding candidates this year and we salute the dealers who were nominated, every one of which had outstanding credentials.

And we congratulate this year's winner — Barry Steinberg of Direct Tire Sales in Watertown, Mass.

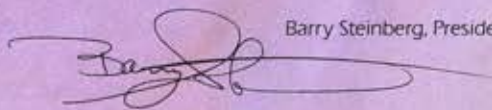
We think you will understand why the judges made their selection when you read the article on Barry's activities.

Continued on page 32...

TOYO'S COMMITMENT TO INDEPENDENT ENLISTS DIRECT SUPPORT.

Barry, we're not surprised.
CONGRATULATIONS!

"Going with Toyo is the best thing I ever did for my company. Toyo is the tire for the independent tire dealer."



Barry Steinberg, President, Direct Tire Sales

"As an independent tire dealer for 17 years, my customers buy what we sell them based on the faith they have in us to give them a product they can count on," says Steinberg.

And Direct Tire knows it can count on Toyo for the things that really matter to an independent tire dealer. "It's a profitable line. We don't have everybody else in our backyard selling it. And quality? Honestly we haven't had a bad tire. Plus we can talk to management and get answers when we need them."

"The consistency of the line is there. The people in order entry are great. The fill is fabulous," according to Steinberg. "We're excited."

Interested? Why not call Barry Steinberg first. Then call Earl Knoper, Senior VP at Toyo, 800-421-6849 (in California, 800-423-7144).

TOYO TIRES
DRIVEN TO PERFORM™

Circle 10 on card



The elderly gent pulled up in front of Direct Tire Sales in the Boston suburb of Watertown, Mass.

He stormed into the showroom and blustered, "What kind of tires do you sell around here? Come outside and look at mine."

Two tires on the car — a Ford LTD — were indeed a mess. So were their wheel covers.

The store personnel suggested they'd been damaged when banged against a number of curbs.

"No way," said the old gentlemen. "I bought these tires here three weeks ago and they just went bad. The wheel covers? You did that to them when you put on the tires!"

Meanwhile, the man's wife just sat in the car shaking her bowed head.

What's a tire dealer to do when faced with this situation?

At Direct Tire Sales the answer was simple.

They put on two new tires, straightened the wheel covers as best they could, and apologized for the customer's inconvenience.

It's service like this to the customer — and to the community — that sets Direct Tire owner Barry Steinberg apart.

And it's one of many reasons *Modern Tire Dealer's* panel of judges named the 48-year-old Steinberg *MTD's* first *Tire Dealer of the Year* from among 43 outstanding nominees.

His single outlet will do more than \$6 million in sales this year, an increase of about 3% over 1992 despite a flat market and the recession in New England.

On an average day about 100 customers will walk through Direct Tire's doors.

They come for custom wheels, shocks, wheel alignments and exhaust, suspension and brake work as well as to purchase about 105 tires.

And all these are profitable sales.

On one recent day, Steinberg's computer showed a gross profit of 55.6% on the day's activities. This included an average markup on tires sold of 48%!

For the year he'll average well over a 40% gross margin on both tires and service. (Service accounts for about 45% of Direct Tire's revenue and should soon reach 50%.)

Nor does Steinberg apologize for these numbers or even try to keep them secret. That's Direct Tire's price for super service. And customers pay it willingly.

from Direct Tire and have them aligned at least once a year and Steinberg will replace them free as many times as needed for as long as you own your car.

Exceptions? Only vandalism or a traffic accident. Otherwise you're covered.

The first customer — a salesman — who came in to collect on the free replacement offer drove away amazed.

He'd been ready for a fight when they ran the "transaction" through the computer.

But it came out with the notation, "No charge" — and they handed him his keys.

Guess who is now one of Direct Tire's biggest boosters.

How can Steinberg afford the free tire replacements?

He charges about double the normal retail price for the first set of tires.

Steinberg dreamed up the idea when he took on Toyo tires, a brand then virtually unknown in New England.

He advertised the deal heavily and got a lot of media attention.

Not only did customers learn about Toyos in a hurry, Direct Tire's business zoomed 30% and tire buyers began asking for Toyos often enough so that other New England dealers took on the brand.

Now Steinberg is making the same offer on Toyo snow tires.

Buy a set for your new car and Direct Tire will replace them free.

Incidentally, if snow tires are a hassle, Direct Tire will help.

For \$100 a year they'll switch you over from regular tires to snows and back again each spring and fall. And they'll balance the tires when they mount them.

They'll even call to remind you when it's time to come in, give you a "priority appointment," and have you on your way in half-an-hour or less.

"One hundred bucks is outrageous," you say.

Some 240 apartment dwellers, elderly people, women and others don't think so.

The \$24,000 they generate each year pays the rent for six months on the warehouse where Direct Tire's tire and



Another award!

Honors are not new to Barry Steinberg. He has been featured in a major article in *Inc.* magazine, named New Englander of the Year by the Small Business Association of New England, named a finalist two years in a row in the national Entrepreneur of the Year Awards, and awarded runner-up honors in the Greater Boston Chamber of Commerce Small Business of the Year competition. All this in just the last couple of years.

The premium you pay for tires or automotive service at Direct Tire, entitles you to an unconditional guarantee — no questions asked.

You buy a set of premium Toyo tires

wheel inventory is stored.

And those are 240 customers who aren't likely to take their business elsewhere. After all, Steinberg holds a set of their tires "captive" all year long.

Tires? You need tires for that exotic Porsche, Mercedes, BMW?

Chances are Direct Tire has 'em in stock.

The store carries about \$400,000 worth of tires in inventory including many hard-to-get types and sizes.

Steinberg's customers are more likely than most to need them — and they're willing to pay a premium to get them put on without waiting.

What about service?

Direct Tire has 18 bays full of state-of-the-art equipment plus a Hunter Brake Analyzer station that will give you a free analysis with a printout of its diagnosis.

That gives real meaning to Direct Tire's slogan above the store's front door: "We'll Fix It So It Brakes."

It doesn't hurt business either. Steinberg says brake work rose about 15% since he invested nearly \$25,000 in the analyzer equipment three years ago.

Four bays in a former gas station down the street do nothing but alignments, using Hunter's newest top-of-the-line H111 machines.

And Steinberg hopes to add a fifth alignment bay when he expands that facility next spring, which will make him easily the largest independent tire dealer alignment specialist in the nation.

But how will you get to work from Watertown when your car is in for service?

Direct Tire's answer is a fleet of 15 new Geo "loaners" made available to customers. There's also a driver with a van who can drop you off at work or home if it's close by.

And if that's not enough, Steinberg has been known to call a taxi to take a customer to work.

But good service techs are hard to find. How can Direct Tire fill 18 bays with top-notch technicians?

Employee turnover is rare at Direct Tire, but when Steinberg needs a new tech he hires professional headhunters to find one — the same people who seek out top executives at other firms!

It costs him plenty — a commission equal to about 15% of the new hire's

first-year salary. But then Steinberg's pay schedule for technicians runs 15% or more over scale.

The professional screeners and multiple pre-hiring interviews conducted by Steinberg, himself, provide Direct Tire with well-motivated, stable, qualified people, usually lured away from competitors.

"I'm not looking for some guy who is out of work," admits Steinberg.

In fact the 36 employees of Direct Tire are a breed apart.

They are articulate and invariably polite. They are neatly dressed in appropriate uniforms for their job provided by Direct Tire.

And they are obviously well-trained and highly-versed in what they do.

On hiring, each has been given a 15-page operation manual detailing everything that's expected of them as well as what they can expect from the company.

They can expect higher-than-average
Continued on page 34...

Myers Tire Supply-Boston & The Patch Rubber Company

Salute

Barry Steinberg of Direct Tire Sales, MTD's 1993 Tire Dealer of the Year.



Barry Steinberg, President - Direct Tire Sales



We're proud that Direct Tire has chosen The Patch Rubber Company tire repair program as part of its award-winning service. Direct Tire provides each staff member with the training necessary to successfully follow industry repair procedures. We recognize Barry and the entire staff at Direct Tire Sales for their continued commitment to excellence.

Congratulations Barry!



The Patch Rubber Co.

Myers Tire Supply is the exclusive distributor of The Patch Rubber Co. Tire Repair Products

Continued from preceding page...

wages, but no commissions. And they can expect to get fired if they sell a customer one thing he doesn't need.

Each employee gets his birthday off with pay, but no paid sick time. However, everyone with six months' service gets an extra five day's pay every year.

The system works. The extra pay can cover sick time, but if you don't use it it's a bonus.

Steinberg says only 29 work days were missed because of illness last year.

Do employees like the system?

They must. Average length of service for employees is more than four years — amazing for a tire store.

Though space in the store is limited, the operation is a model of efficiency — and spotlessly clean not only in the sales room, but in the shop.

A \$50,000 computer system tracks every transaction and gives Steinberg an instant update on sales, profits, inventory and every other phase of his operation with the flick of a few keys.

Steinberg is a perfectionist and a stickler for detail. He's seldom absent during the hours the store is open six days a week.

He promotes a "team" attitude and meets weekly with his sales force and key supervisors.

Their discussion topic is almost always the same — "How can we do it better?"

Ideas for things like snow tire storage and loaner cars came out of these meetings.

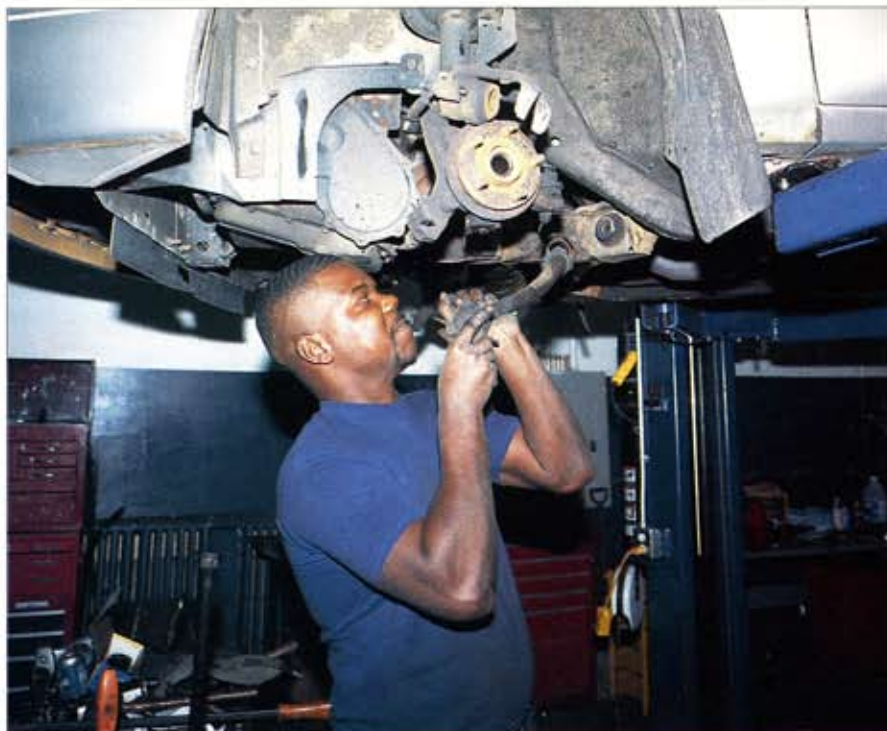
And, even when Steinberg is doubtful about the merit of an idea, he's often inclined to give it a try.

An upcoming experiment will involve hiring full-time telemarketing people who will pitch Direct Tire services to small business in the surrounding area.

It's a throwback to Steinberg's early training in the tire business.

That began in 1969 when he left the service and moved from New York to Boston to work for Duddy's Tire, then an \$18 million-a-year telephone "boiler room" operation that blanketed the nation.

"They sat me down next to their number one salesman, gave me a copy of Dun and Bradstreet and the Yellow Pages from Ohio phone books and told me to start calling service stations," Steinberg recalls.



Christopher Long, Direct Tire's senior tire technician, fixes client's car.

He loved the job.

And one day Duddy, himself, stopped by and asked what Steinberg was doing.

"I'm calling service stations starting with the z's," said Steinberg.

"I figure most sales people start with the beginning of the alphabet and never get around to contacting those at the other end. So they should be better prospects."

"After that," laughs Steinberg, "Mr. Duddy loved me."

Steinberg became Duddy's top salesman and wound up a district sales manager in charge of operations in eight states.

But the company changed, took on retail stores and its operations declined.

Steinberg was fed up. And one day in 1974 he quit cold and walked out on a nearly \$80,000-a-year job.

A few minutes after he arrived home the phone rang.

It was Alby Stone, another former Duddy's employee.

"I've got this great location for a tire store on Galen St. in Watertown," said Alby. "You gotta see it."

"We should be partners. Let me show you around."

"I was 29 and burned out," remembers Steinberg. "I'd been working 14 hours a day almost without a break for four years."

"Goodbye, Alby," I told him. "I'm gonna take a month off."

But Alby prevailed and showed him a run-down building on the site of the present Direct Tire dealership.

Alby had invested \$5,000 in the structure and offered Steinberg 49% of the business for free if he'd come in as a partner.

They talked about a name and finally decided on Direct Tire Sales because their goal was to buy tires directly from the manufacturer.

Alby discovered he hated the retail

The judges

Who selected *MTD's Tire Dealer of the Year*? Judges were: Mike Henning, president, Henning Family Business Center, Effingham, Ill.; Saul Ludwig, executive vice president and director of research, Roulston & Co., Cleveland, Ohio; Burton Morgan, president, Basic Search, Hudson, Ohio; and John Wickersham, president, Bill Communications Inc., New York, N.Y.

tire business and sold out to Steinberg for \$5,000 six months later. And Steinberg has been building and improving Direct Tire Sales ever since.

His father, Meyer, was Steinberg's idol and teacher.

Meyer Steinberg ran Fine's Children's Shop (named for the former owner) for years in Port Chester, a Westchester County suburb of New York City.

Young Barry folded boxes and swept out after school and Saturdays.

He was in the store one day when a very pregnant woman with two small children came in carrying a stained and filthy pair of drop-seat pajamas.

"This crummy pair of pajamas won't come clean," she said. "What are you going to do to make it right?"

The elder Steinberg heard her out, then reached out and took the filthy pajamas.

He dropped them in the wastebasket and handed her a new pair while apologizing for the woman's "inconvenience."

When the customer left, the horrified clerks told Steinberg in no uncertain terms that he'd been "taken."

But he smiled and reminded them that for a pair of pajamas worth a few dollars he'd earned a satisfied customer who would tell everyone about the store.

"And besides," he added, "she really needed the pajamas."

The elder Steinberg taught Barry about loyalty to suppliers, too.

When a big discount store moved to town and forced his store into bankruptcy, Meyer Steinberg cashed in his life insurance policy to pay off his debts.

Today Barry Steinberg has a good relationship with suppliers, promoting their brands with a heavy advertising budget.

The Toyo free replacement campaign is a good example.

Besides Toyo, he's direct with Yokohama and Dunlop and he's currently head of Dunlop's Super Seven Group of dealers.

With usual precision, Steinberg tracks his customers listening habits on the computer based on their comments and buys time on their favorite radio stations.

With 19 to choose from, Steinberg hones in on the ones that will do him

the most good. He doesn't use newspapers because ads in the press tend to be price lists.

The elder Steinberg also instilled in Barry a commitment to the community.

Over the last two years Direct Tire radio ads, pledging to donate 3% of sales to the Jimmy Fund at Dana-Farber Cancer Institute, have raised more than \$44,000 for research at the institution where Barry and his wife, Penny, both serve on the board.

They are also on the board of the Anti-Defamation League (ADL) and have been actively involved in raising funds for the organization that fights racism and anti-Semitism.

An ADL dinner they co-chaired last year raised more than \$100,000 for this cause.

Steinberg has also participated in the Massachusetts Pre-Release Program for the rehabilitation of prison inmates.

Three of Steinberg's employees are "graduates" of the program including a tire shop foreman who has been with him since 1985.

When the city of Watertown ran short of funds, Direct Tire contributed \$3,000 to make possible a tree-planting program this fall.

So what's next for Direct Tire?

More outlets? Franchises?

Not likely.

"I'm satisfied making a good living for myself and my family," says Steinberg.

"My accountant keeps telling me I could make more money by cutting back on services and employees. And I know I could increase business if I opened more stores."

But Steinberg likes the challenge of tinkering with and improving the operation of the one store he has.

He feels good about serving his customers.

Could that change tomorrow?

Possibly.

Barry Steinberg is full of surprises.

As a sign says in his store:

"We'll Brake, Shock and Exhaust You."

That's a promise that refers to more than the service department.

And like all the rest of Direct Tire's promises, it's a promise with no strings attached.

Whatever Steinberg's next move, you can bet it will make both his customers and his bottom line feel good all over. ■

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of quality custom
wheels, we've got...**



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Composite

455

More Sizes



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