

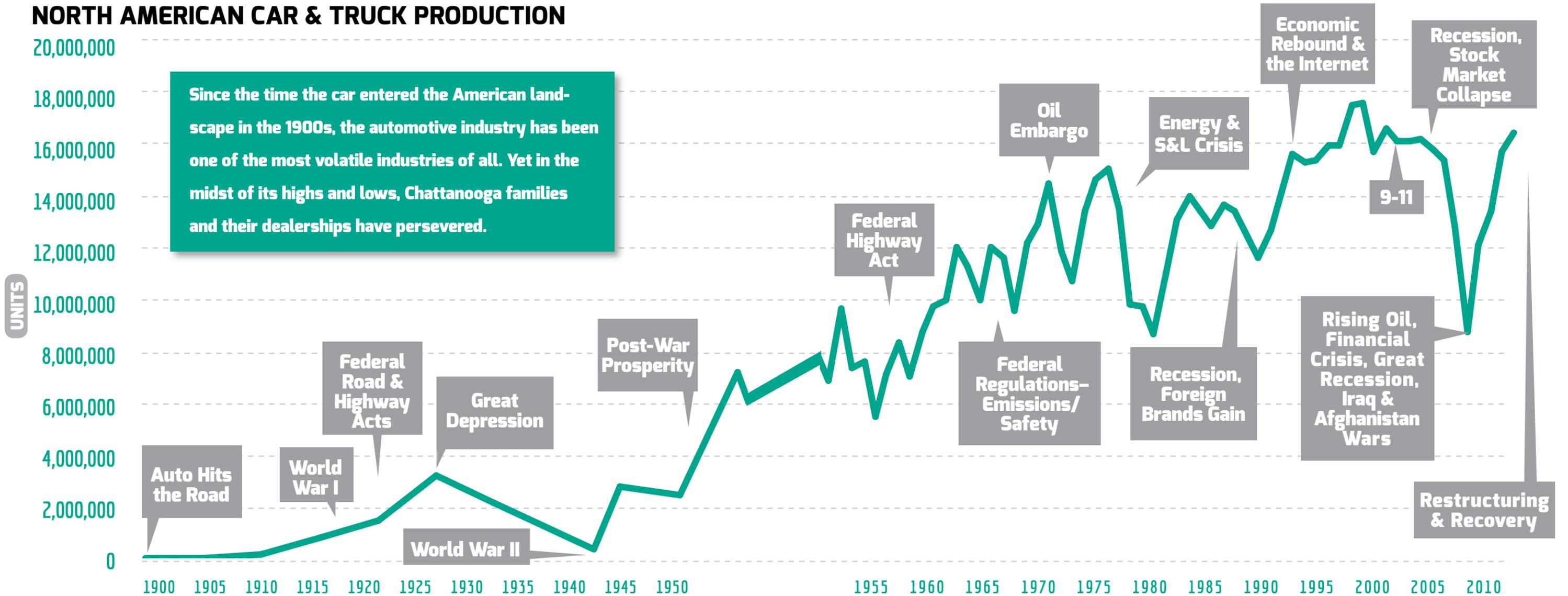
TRUE GRIT

THE • AUTO • INDUSTRY • AND • ITS • FAMILIES

By George Christian

NORTH AMERICAN CAR & TRUCK PRODUCTION

Since the time the car entered the American landscape in the 1900s, the automotive industry has been one of the most volatile industries of all. Yet in the midst of its highs and lows, Chattanooga families and their dealerships have persevered.



SOURCES: Wards Auto, Wikipedia, and adjusted per research completed for article



Lookout Mtn, circa 1925

The automotive industry has arguably been an industry subject to the most change and impacted by more variables for the longest period of time than any other industry. Weathering everything from economic downturns to fluctuating interest rates to swings in consumer confidence, to foreign affairs, global conflicts, and oil embargos, the auto industry has endured periods of darkness, and even complete shutdowns. Yet it has had glory days too – periods in which business has boomed and profits have soared.

Riding these highs and lows now for over a century are independently owned auto dealerships, which across the country and here in the Chattanooga area, have been and continue to be led mostly by families. Many of these families have been a part of the automotive dealer-franchise system for decades, and today continue their long tradition with second, third, or fourth-generation family members at the helm.



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DEALER SPOTLIGHT

Long of Chattanooga

Dealerships: Mercedes Benz at Long of Chattanooga, Chattanooga Volvo, Long Hyundai

Owner: Nelson Long

“I came on board in 1976. I was seeking to purchase an auto dealership. Prior to that I had served as a captain in the army and completed a master’s degree.

“Andy Trotter wanted to sell his dealership, but not all at once. I was still in my 20s. We structured a buy-in, buy-out.

“It was the time that interest rates went up as high as 18%. It was a hard time. In the ‘80s we experienced challenges with an energy crisis. Fuel became a big factor and brands from overseas quickly were satisfying changing tastes.

“We grew with Mercedes Benz and added Izuzu and GMC commercial trucks. We opened the Hyundai dealership in 1988. In the ‘90s, Izuzu left the country with the small cars. Imports were taking a larger market share and GM was shrinking, and we felt all of that.

“Two years before GM’s bankruptcy we pulled out. We sold and/or closed all of our GM dealerships. I



Nelson Long and Allan Long, new car sales manager at Mercedes-Benz

never suspected that they would go through bankruptcy, but they did. They really hurt a lot of good people. Since then, we’ve remodeled and doubled the size of the Mercedes dealership.

“All businesses are largely dependent on the economy and we have to be responsive to our clients. If you have a large loyal following and you pay attention to them when things are good, those people will still be there in the tough times. If they

aren’t buying cars, at least they are getting their oil changed. You work on that treasure of an owner base.”

NELSON LONG

Owner





Capital Motor Sales One of three used retail locations opened by Charles Mullinax, circa 1954

Through it all, these dealerships have utilized all of the resources within their control to persevere through some of the most challenging times to enjoy the rewards of hard work, determination, courage, perseverance, and rising consumer spending. What follows is a historical snapshot of the auto industry and the events that have significantly impacted automotive sales and generations of families who have succeeded through the highs and lows of this industry.

1890s-1910s - The Auto Hits the Road

Henry Ford began building cars in 1896 and started Ford Motor Company in 1903.

The Ford Motor Company improved mass-production with the first conveyor belt-based assembly line in 1913, producing the Model T (which had been introduced in 1908). General Motors Corporation (GM), the company that would soon become the world's largest automaker, was founded in 1908 by William Durant.

1920s - Federal Legislation Paves the Way for Boom Times

In 1916 The Federal Aid Road Act was passed and \$75 million was provided to build roads. Shortly thereafter, The Federal Aid Highway Act of 1921 provided

additional funding for road construction. By 1924, there were 31,000 miles of paved road in the US. Automobiles were quickly becoming the transportation of choice and everyone was buying cars in the 1920s. Drivers on the road nearly tripled from 8 million in 1920 to 23 million in 1929. Walter Chrysler, formerly president of Buick, took control of the Maxwell Motor Company. In 1925, he reorganized it into Chrysler Corporation. By 1929, 90% of all cars were produced in the U.S. and 75% of the market was controlled by GM, Ford, and Chrysler, later known as the "Big Three."

DEALER SPOTLIGHT

Mountain View Auto Group

Dealerships: Mountain View Ford Lincoln, Mountain View Nissan, Mountain View Chevrolet, Mountain View Chrysler Dodge Jeep, Mountain View at 153

Owners: Don, David, Andy, Clay, Chase, and Austin Watson; Don Thomas

"Mountain View Auto Group has come a long way since my grandfather, C. Austin Watson, took a big gamble and purchased Forrest Cate Ford in 1981. He started as a sales rep in the 60s, moved through the ranks because of his hard work, and had the opportunity to own the dealership.

"It was not a great time to get into the business, but our family's ability to take risks and natural perseverance has always paid off. When the economy tanked in 2008-2009, we were in mid-construction of a new Nissan store at the time. It happened so quick that it wasn't something we had a lot of time to prepare for. But despite the difficulty, the volatile economy made us better owner/operators. We learned 10-15 years of how to run an auto dealership in a short time.



Clay Watson, Chase Watson, Don Watson, Andy Watson, Austin Watson, and Don Thomas (not pictured: David Watson)

"Our family's work ethic that has been passed down from generation to generation has allowed us to persevere. Just like my grandfather, we all know every aspect of the business from personal experience, from washing cars to ordering parts."

CLAY WATSON
President/Dealer Principal,
Mountain View Ford Lincoln



Capital Motor Sales, Inc.

Dealerships: Capital Toyota, Lexus of Chattanooga, and Scion of Chattanooga, as well as seven McKamey - Gates, Inc. dealerships in Kentucky and Indiana

Owners: Bob, Jeff, and Karla McKamey

"We bought the Toyota dealership in 1966. At that time there were only four Toyota dealerships in the 17 middle-American states and none in the South. The first year, we only sold 11 new cars. But I had met the Japanese and I believed in them. They listened to dealers and made changes really quickly. The quality of domestic cars was not good. If you check the auto industry worldwide, quality didn't come into cars until Toyota entered the market. They were the leader. They started growing fast, and their standards were good for the industry overall. Now Toyota is the largest automotive manufacturer in the world.

"In the '70s, when fuel prices were rising, we sold Toyotas off of pictures and out of empty showrooms. The cars were delivered by train to



Chattanooga and we would call customers when they were delivered. Americans wanted reliable, fuel-efficient cars and by then, Toyota had become a name for quality and gas economy. It became the No. 1 car along with Honda. Toyota was much bigger.

"We built Lexus of Chattanooga from 1991-1992 and expanded its showroom and service shop from

2004-2005. The original Lexus LS400 had made its debut in 1989, and it soon proved to be one of the best vehicles in the world."

BOB MCKAMEY
Co-Owner/President



Capital Toyota's original building, circa 1968



1930s - Great Depression Leads to Consolidation

In October of 1929, everything came to a halt. The stock market crash hit the auto industry hard, just like it did everything else. In one year, U.S. car production dropped from a peak of 5.3 million in 1929 to just under 2.4 million.

The 1930s saw the demise of many auto makers due to the Great Depression, stiff competition from the “Big Three,” and mismanagement. The only major auto companies to survive the Great Depression were General Motors Corporation, Ford Motor Company, Chrysler Corporation, Hudson Motor Car Company, Nash-Kelvinator Corporation, Packard Motor Car Company, Studebaker Corporation, and Crosley

DEALER SPOTLIGHT

Edd Kirby's Adventure Cars

Dealerships: Edd Kirby's Adventure Mazda, Edd Kirby's Adventure Chevrolet Chrysler Jeep Dodge Ram

Owner: Joe Kirby

“In 1953 my dad, Edd Kirby, partnered with Herb Adcox to open Adcox Kirby Pontiac on Broad Street. Then in 1957, they bought Ernest Summers Chevrolet in Red Bank and opened Adcox Kirby Chevrolet.

“They moved to a new facility on Lee Highway in Brainerd in 1968, and soon after that I began working there after school. I became full time with the family in 1976 when I graduated from college. We then bought out Dennis Brent Chevrolet in Dalton. Later, Herb Adcox changed the name of Adcox Kirby in Brainerd to Herb Adcox Chevrolet.

“In 1992, my dad retired and in 2000 we changed the name of our businesses to “Adventure Cars.” In 2010, we bought the former Lawrence Doster Lincoln Mercury dealership for used cars and in 2011 we won the Mazda franchise.

“The auto industry has definitely had its ups and downs. I remember the oil embargo when they cut off the oil in '73. That was the first real big scare.



In 2001, during the Iraq War and Desert Storm – that killed us. When 9/11 hit, it hurt business. The Iraq War might have been the first time I saw our sales drop. Later the Great Recession was very challenging.

“My father was always extremely conservative. He was never in debt. They don't teach you that in college. People teach you how to leverage to continue to grow. When the downturns hit we were cash rich, so we could weather the storms.

“There is one thing about my father that has stuck with me forever. One day, we had a customer who

did not qualify for an extended warranty. The repairs were something that we felt the manufacturer should cover, but the factory denied the claim. So my dad paid for the car's repairs. I was like, ‘Dad, we will go out of business doing this,’ and he said ‘Son, if you can't afford to take care of your customers, you don't deserve to be in business.’ I will forever remember that. It forever changed my outlook.”

JOE KIRBY

Owner



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above Summers Chevrolet in Soddy-Daisy, one of the area's earliest dealerships, circa 1956

Motors. The "Big Three," enjoyed significant advantages over smaller independent auto companies due to their financial strength, production, and technological innovation.

1940s – WWII Auto Manufacturing Halts - Shifts to War Vehicles and Ammo

After the U.S. entered World War II, all domestic passenger automobile production ceased. Factories were converted to produce war vehicles, aircraft, and armaments, a change that ultimately led to greater technological innovations. From 1942-1945, the U.S. auto industry produced 20% of the U.S. equipment used to fight World War II, all of which played a large role in the victory of the allies.

Late 1940s-1950s – Production Restarts with Post-War Prosperity

As domestic production started again, it was full speed ahead for the auto industry. With consumer confidence at a new high, gas prices at record lows, and years of savings, demand for cars exploded. From 1940 to 1960, auto ownership in the United States more than doubled from 27.5 million registered vehicles in 1940 to 61.5 million in 1960.

Americans began to view cars as symbols of status and glamour. Cars began to grow in overall size, becoming lower, longer, and wider. Exterior styling was influenced by jets and rockets as the space-age dawned. Rear fins were popular and front bumpers and taillights were designed in the shape of rockets. Chrome plating emerged with two-tone paint. The Chevrolet Corvette (1953) and the Ford Thunderbird (1955) were introduced as personal luxury cars. The auto industry was booming.

1960s The Golden Age Continues

The "Big Three" entered the 1960s at the top of their game, dominating not only domestic sales but sales worldwide.

DEALER SPOTLIGHT

Integrity Automotive Group

Dealerships: Integrity Buick GMC Cadillac, Integrity Chevrolet

Owners: Brent and Dwight Morgan

"The early years with Saturn were very positive for us. At one time, we were the number one store in customer service, and the number eight store in the entire Southeast for volume. We had a very strong presence in the market and a lot of repeat business. Our customers were very loyal to us.

"The Great Recession definitely had a profound impact on the auto industry. We continued to have steady growth all the way up until 2008 when the recession hit. Then when the recession and financial crisis hit, General Motors decided to consolidate its brands and discontinue Saturn. Despite

this loss, we were very fortunate to get the Cadillac, Buick and GMC franchises. We moved them to our Saturn location where we had a great team in place. We brought our customer-centric culture to those brands and it gave us a jump start out of the gate. Our customers stayed with us and our team of employees stayed with us too.

"GM was impressed with how quickly our team reestablished Buick, GMC, and Cadillac with volume and customer service. When they decided to add back a second Chevrolet franchise in Chattanooga, we were awarded the opportunity."

BRENT MORGAN
President



PHOTO BY MED DEMENT

Marshal Mize Ford

Dealerships: Marshal Mize Ford

Owner: Lewis Dyer

"Marshal Mize and I both worked for Ford Motor Company in Atlanta before entering the retail car business. Marshal purchased the dealership from Bert Brown in 1977. In 1983, I came to work with Marshal as the general sales manager.

"Business was difficult as we had just come out of the oil crisis and interest rates were high. The secret to business then and today is watching your expenses and staying focused on your customers. The store has won Ford Motor Company's President's Award for 14 years. This is the highest award given to a dealer for customer satisfaction for sales and service.

"When I came to work for Marshal his plan was to retire by the time he was 55. One of my goals was to own a dealership someday. Working very hard together we both reached our goals. Going to work with Marshal was the biggest opportunity I ever had.

"As we watched the car industry start its rapid decline in 2008 we knew trouble was just around



Todd, Lewis, and Phil Dyer

the corner. All the bankruptcies started to happen. One question was how many car manufacturers were going to make it. Luckily for us, Ford Motor Company didn't file bankruptcy. We were very fortunate because we had a big customer base to keep us going."

LEWIS DYER
Owner/President



PHOTO BY MED DEMENT



Marshal Mize Ford in the mid-'80s

In 1956, The Federal Highway Act and \$33 billion was passed for construction of the Interstate Highway System, a system that would advance the automotive industry and change the American lifestyle forever. Sporty cars emerged with the Ford Mustang in 1964 followed by the Chevrolet Camaro, Pontiac Firebird, Plymouth Barracuda, and others.

As the decade went on, concerns about safety and the effect of car emissions on the environment grew, eventually leading to stricter government regulations. The National Traffic and Motor Vehicle Safety Act of 1966 required shoulder belts for front passengers, front head restraints, energy-absorbing steering columns, ignition-key warning systems, anti-theft steering column/transmission locks, side marker

DEALER SPOTLIGHT

Crown Automotive

Local Dealerships: Crown Chrysler Dodge Jeep Ram – Chattanooga, Crown Chrysler Dodge Jeep Ram – Cleveland, Crown FIAT of Chattanooga

Owner: Dwayne Hawkins

“In 1969, Dwayne Hawkins (founder and current CEO) worked at Doug Willey Pontiac in Birmingham. There, he went from salesman to manager to general manager to dealer. In 1969, Doug Willey helped Dwayne go into business. He was 33.

“It’s been a process through the years since 1969. We grew by adding franchises. We’ve always been a company that focused on customer service and that helped us through the difficult periods in the 90s and then 2001 and then 2008 and 2009. The diversity of our company has helped quite a bit as well. Our operations have always been geared toward employee retention and not having a high overhead.

“We entered the Chattanooga market in January 2011. Looking at the area, we loved it – the growth was apparent and it is a wonderful place to live. We knew that we would be able to attract high quality employees. A year later, we entered Cleveland.



Rod Ricciardi,
General Manager

“The biggest question we had at the time was Chrysler, since it had just gone through a hard time. But we believe in the product. We heard Sergio Marchionne (CEO of Fiat S.p.A., Chairman and CEO of Chrysler Group LLC), speak in Orlando. It was a time when Chrysler was starting to rebuild. The things he said made a lot of sense to us. We believed in the plan as evidenced by the sales of

Chrysler Dodge Jeep and Ram in the U.S. It really is always about the product. Moving forward we definitely would love to expand our presence in the Chattanooga area. We are looking for opportunities for that.”



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Don Ledford Automotive, Inc. The site of the Ledfords' first dealership, circa 1980s



Mountain View Ford (left) Austin Watson, founder of Mtn. View Auto Group, with (right) Don and David Watson, circa 1981

lights and padded interiors. Emission controls were instituted under the Clean Air Act of 1963 and the Vehicle Air Pollution and Control Act of 1965. All three laws forced changes for auto manufacturers that were expensive to implement.

1970s – Business Hit Hard: Legislation, Oil, and Changing Consumer Preferences

Federal regulations imposed in the '60s forced car manufacturers and consumers alike to adapt. Then auto sales were hit hard and the industry began to change forever with the 1973 Middle East oil embargo. Gas prices skyrocketed and consumer discretionary income declined sharply. Consumers began to turn to smaller more fuel-efficient vehicles offered by foreign auto manufacturers like Honda, Toyota, Nissan, and Volkswagen. Consumer concerns over oil prices and the availability of fuel escalated again in 1979 with oil shortages and an energy crisis associated with political turmoil in Iran. Continued softness in auto sales, shifting consumer preferences for smaller foreign vehicles and new



Capital Toyota Bob and Jeff McKamey with Mr. Toyota at the dealership's grand opening in the '70s



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DEALER SPOTLIGHT

Mullinax Lincoln

Dealerships: Mullinax Lincoln

Owners: Cindy (Mullinax) Castelow and Janet Mullinax

"My grandfather, Charles, had been living in Indiana during the war, and he had dabbled in the car business to make extra money. When he moved here he decided to get in it full time. My uncle Red got out of the war and joined my grandfather. He had saved up around \$2,000 and that was a significant amount of money for them to buy cars. My father also joined the wholesale business after the war.

"In the 1950s Charles Mullinax, Red Mullinax, and Don Mullinax operated three used retail lots under the name Capital Motors. The main location was on Lee Highway at the same location of Capital Toyota. David Albert, a cousin, ran one of the locations on Ringgold Road. Charles Mullinax and his daughter, Virginia, ran one in Cleveland. They also held weekly auctions at the Lee Highway location in Chattanooga.

"In 1964 the family obtained the Lincoln Franchise which my father Don Mullinax operated. In 1966 the



Lincoln Area Manager Steve Hammond, Cindy (Mullinax) Castelow, and Janet Mullinax

PHOTO COURTESY OF CLEVELAND DAILY BANNER

Toyota Franchise was purchased by the Mullinax's—Red Mullinax (uncle) and a young Bobby McKamey ran this store in Chattanooga, which was later sold to Bobby in the 1980s. In 1967 Red Mullinax purchased the Cadillac and Oldsmobile Franchise in Cleveland.

"I came on in 1999. My dad's health started to decline and I realized that if I wanted to work here and spend time with him, I would have

to change careers and learn everything quickly. There's a saying that it gets in your blood. I can say that it has. It's fascinating and it changes all the time."

CINDY (MULLINAX) CASTELOW
Co-Owner/General Manager





Capital Toyota, circa 1980

federal standards were turning the world of U.S. automakers upside down. Even more threatening, U.S. automakers were underestimating the threat of foreign automakers.

1980s Caught Off Guard

The next decade began in a recession and worsened behind a savings and loan crisis. Interest rates soared and the automotive industry shed 310,000 jobs, nearly 33% of the entire sector. Interest in small, more efficient cars that had begun in the 70s continued into the '80s. The "Big Three" scrambled as they attempted to redesign cars, leading to recalls, poor quality, and lawsuits. Continuing to lose market share to foreign manufacturers, the "Big Three" began to buy into Japanese automakers. The U.S. market was changing quickly and brands of cars being chosen by American consumers were different than those made by Ford, General Motors and Chrysler.

DEALER SPOTLIGHT

Walter Jackson Chevrolet & Jackson Chevrolet Buick GMC

Dealerships: Walter Jackson Chevrolet – Ringgold; Jackson Chevrolet Buick GMC – Lafayette (operated independently)

Owners: Danny Jackson: Walter Jackson Chevrolet in Ringgold; Debbie Jackson Skates: Jackson Chevrolet Buick GMC in Lafayette

"The Jackson family has been representing General Motors in this area for 40 years and is now in its third generation. My dad (Walter Jackson) went into business in June of 1970, so we are in our 45th year.

"The 1970s were a tough time to go into business. It was right when the oil crisis caused gas to skyrocket and business slowed down. But my dad was a hard worker and he taught all of us how to save money. His philosophy was that you are going to have a lot of rainy days, so the more you save, the better off you'll be.

"My dad wanted the dealership to stay in the family. He wanted to pass on the stores to the next generation and the generation after that – that was his wish. My son Ryan is now working alongside me. My plans are to one day retire and to let him run the dealership."

Danny Jackson

Owner/Principal/Manager of Walter Jackson Chevrolet in Ringgold



"I went to work for Walter Jackson at Walter Jackson Chevrolet in 1974 and two years later we moved to the new Ringgold dealership (present) location.

"The '80s and '90s were very good years. Interest rates declined from their height in the early 80's. GM had come out with a small truck. Chevrolet came out with the S-10 pickup which was smaller and affordable. That really boosted sales. And we had some beautiful cars like the Chevrolet Monte Carlo.

"Our business, being small, allowed us to control our costs a little better and to survive the tough times like in 2001 and 2008.

Now all of our economic indicators show that the industry will be back to the 17-18 million cars a year, which is great for the new-car industry.

"My son Damon is now working with me here in Lafayette and represents the third generation committed to serving the community."

Danny Skates

Principal/Manager of Jackson Chevrolet Buick GMC in Lafayette



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DEALER SPOTLIGHT

Bowers Automotive Group

Local Dealerships: Honda of Cleveland, Kia of Cleveland, Toyota of Cleveland, Kia of Chattanooga, Village Volkswagen of Chattanooga and Audi of Chattanooga

Owners: Nelson Bowers, Brad Cobb and Rick Bowers

"I think from a financial standpoint, early on in Nelson's career, he had to watch every penny. There is an old joke that he used to make the office turn the paper over for the adding machine. There is no doubt that in the early days he was frugal.

"If you look at the products that we have had, they were all fuel-efficient cars. Nelson saw that the domestics were struggling. He knew when to get in and when to get out. He sees the trends.

"When Rick Bowers and I bought Honda, we went into significant debt. But we learned to pay off debt as fast as you can. In 2008, we had 3 stores and we grew over the next four years to 8 because we had money in the bank.



"Nelson taught us everything and gave us opportunities much greater than what we deserve. He is a legend in the car business."

Brad Cobb
President





Adcox-Kirby (right) Herb Adcox with a Chevrolet zone manager and Edd Kirby at the opening of the Brainard Dealership, circa 1968

1990s - Economic Downturn, Foreign Brands Make Gains

The U.S. began this decade in a recession, which resulted in weak auto sales. Then shortly thereafter, the Persian Gulf War caused oil prices to spike and consumer confidence to decline. However, with the war ending 7 months later, the economy and automakers recovered fairly quickly. From 1996 to the Dot-Com bubble in 2000 the economy and auto sales surged.

Big news for this decade became the continued expansion of multinational automakers in the U.S. and abroad, the explosion of the internet, which made vehicle-related information readily accessible to consumers, and global consumer preferences for less expensive, more reliable, and environmentally-friendly vehicles.

U.S. manufacturers responded by acquiring foreign automakers. GM purchased a controlling interest in Saab and Daewoo Motors, and invested in Subaru and Fiat. They

also purchased the Hummer name from AM General. Ford purchased Volvo and Land Rover. GM and Ford also established joint ventures with foreign auto companies.

While American automakers were investing in or buying foreign competitors, foreign automakers continued to establish production facilities in the United States to provide more choices at competitive prices for American consumers.

2000 - 2005 - September 11 - Recession - War - Economic Uncertainty - Foreign Investment

The next decade and new century began with a recession in early 2001. Then in September, the entire nation was shaken by the al-Qaeda terrorist attacks leading to the collapse of the World Trade Center towers. Following the 9-11 attacks, the stock market closed for four days, the first time since the Great Depression. The United States launched the War in Afghanistan that same year, followed by

the invasion of Iraq in 2003, two overseas actions that would continue to shake consumer confidence and rattle the U.S. economy. Threats of war continued to drive the Dow Jones Industrial Average down, and on October 9, 2002, it closed down at 7,286.27, having declined 37.8% within two years and 9 months.

With the stock market decline, U.S. automaker pension funds required significant contributions, some of which were financed by raising debt. Meanwhile, foreign competitors aggressively continued to expand manufacturing facilities in the U.S. BMW began production in Spartanburg, South Carolina in 1994 and has since expanded four times. Honda began production in Alabama, Nissan began production in Mississippi, Hyundai began production in Alabama, and Kia began production in Georgia. Toyota also expanded its U.S. operations, starting production in Alabama, Texas, Indiana, and Mississippi. Volkswagen began production at its new facility in Chattanooga in 2011.

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DEALER SPOTLIGHT

Larry Hill Ford

Dealerships: Larry Hill Ford, Larry Hill Imports, Lenoir City Ford

Owners: Larry Hill

“I had been in the car business since my early 20s. And I had actually worked for a dealer group in Florida for years. Eventually that grew to six dealerships and I oversaw all of these. Then I got to the point where I wanted to buy my own dealership.

“I was contacted about the Cleveland dealership by a broker. Ford was definitely on a very short list of dealerships that I had and Ford trucks in the Southeast was important to me.

“I always felt good about the Cleveland purchase and our business has performed very well. In 2003, however, there was uncertainty as we had just entered into the war. But there is always uncertainty, that’s just a part of life in a cyclical economy.

“The 2008 recession was a little different. I had committed to buy the property for Larry Hill Imports before the economy turned and then I went through a four-month renovation. There probably



couldn’t have been a worse time. Although the market was tougher, we had been here five or six years, we were somewhat entrenched in the community, we had a good name, and a good reputation. We were going to be on the list for anyone looking for a car.”

LARRY HILL
Owner



PHOTO COURTESY OF HYUNDAI MOTOR MANUFACTURING ALABAMA LLC



Hyundai The Hyundai Motor Manufacturing facility in Alabama started production in 2005.

Volkswagen Group of America Chattanooga facility



PHOTO COURTESY OF VOLKSWAGEN GROUP OF AMERICA

2005-2008 - Quadruple Whammy:
Oil Prices – Financial Crisis -
Recession – War

Sales for automobiles in the U.S. continued to be impacted by higher oil prices causing American consumers to seek smaller more fuel-efficient automobiles. Beginning in 2004 prices began to rise with the price for a gallon of gas exceeding \$4.00 in 2008.

The bursting of the housing bubble in 2007 and subsequent collapse of the U.S.'s subprime mortgage industry sent the U.S. economy into a downward spiral, eventually triggering the Great Recession and global economic decline in 2008. U.S. unemployment declined steadily from 5% in January of 2008 to an all-time low of 10.1% in October of 2009 – the first time it had been in double digits since 1983.

Weak consumer demand forced automakers to operate below capacity, further weakening them financially. American auto makers that had become heavily dependent upon sales for SUVs and light trucks were badly hurt. Even worse, highly leveraged American automakers and their finance subsidiaries, which had become increasingly important to overall profitability, could not secure credit.

2008-Present - Restructuring & Recovery

Beginning in 2008 and behind the Federal Government's Troubled Asset Relief Program, over \$80 billion in federal funding was provided to troubled automakers. As part of the bailout GM and Chrysler closed numerous production plants, sold off brands and eliminated hundreds of dealerships and thousands of jobs. Family dealerships, some of which had succeeded for decades, lost businesses. Production for vehicles fell to levels not seen since the 1950s.

More recently auto industry sales are recovering. In 2013, 15.6 million vehicles were sold, up from a low of 10.9 million sold in 2009. It was the highest volume since 16.7 million recorded in 2007. Most analysts are predicting a solid year for automakers in 2014. **CS**

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DEALER SPOTLIGHT

Furrow Automotive

Local Dealerships: Jaguar of Chattanooga, Land Rover of Chattanooga, Porsche of Chattanooga, Infiniti of Chattanooga

Owners: Sam Furrow, Lee Ann Furrow Tolsma, John Tolsma

"In 1981, our family and partners bought the Mercedes and Saab dealerships. My dad is an auctioneer and he was in the heavy equipment business. He liked Mercedes and he saw it as an opportunity to improve something. It was a good time to buy. In 1983, we sold the Saab franchise to focus on Mercedes.

"In 1997 we opened the Land Rover dealership in Knoxville. Then in 2000 we entered the Chattanooga market as a Land Rover dealer and then opened Jaguar at the same location, followed by Porsche in 2006 and most recently Infiniti.

"Chattanooga is such a thriving market. It seemed like a strategic place to be and it has been a great location – 15 years later.

"When the recession hit in 2008 we put all of our heads together and focused on how we were going to



get through it. We downsized, watched expenses and sold used cars.

"We enjoy the products. We enjoy the luxury lines. We like high-end. We also appreciate the value and efficiency of cars like the Mercedes smart car. You have to enjoy the brand, rely on your franchise, and enjoy the opportunity to work with people."

LEE ANN FURROW TOLSON
Co-Owner



DEALER SPOTLIGHT

Pye Automotive Group

Dealerships: Pye Acura, Pye Nissan, Pye Honda, Pye Hyundai, Pye Kia

Owners: Johnny Pye

"My father was in WWII. He was the third man on Omaha Beach on D-Day. He was awarded 3 Bronze Stars. He got out of the army in '45 and I was born in '46. The South didn't have cars to sell back then because everything was being used for the war."

"When I got out of school in 1970, I went full time into the business. My dad and I got into the Dodge/Chrysler/Plymouth business. When I was an officer at Camp Shelby in Mississippi I would see all these foreign cars: Honda, Toyota, and Nissan. Japanese cars. I wanted to sell them, so throughout the '70s we made a conscious decision to phase in foreign cars and move away from Chrysler Plymouth, Dodge, and Buick.

"We have sold cars since 1946, and have sold as many as three different generations of the same family. We sell to a lot of the same people and their families over and over again. So that is what has helped carry us through the bad times.



"We've always followed our customer base. At one point, they wanted muscle cars, then low gas mileage cars, then SUVs. We follow the market and the market constantly changes.

"When my father was in the hospital, there was an old song in WWII. It's called "Oh Johnny, how you can love." All of his partners kidded him about how he could be such a lover even with the severe injuries he experienced in WWII.

It stuck. And then he was called Johnny and then I was called Johnny.

"Our son Sean is the third generation in the business. My name is really Lionel Ford Pye II and Sean is really Lionel Ford Pye III."

JOHNNY PYE
Owner



Sonic Automotive

Dealerships: over 100 dealerships spread across 14 states; local dealerships include BMW of Chattanooga and Economy Honda Superstore

Owners: father/son team O. Bruton Smith and B. Scott Smith

"My dad and I are the co-founders of Sonic Automotive. In 1996, it was a good time to go public because a lot of the barriers had been broken down for public ownership. So Bruton and I talked about it one night, and a few days later, he set up a 100 million dollar line of credit at Bank of America and sent me out to acquire dealerships.

"In November of 1997 we went public. The day that we were in New York, the market dropped about 500 points and the United Auto Group had just completely missed their quarterly numbers. Our bankers were telling us that the demand for taking our company public was weakening. As we were negotiating with the bankers, Bruton got tired of sitting there and told me to make a decision and went to dinner. As fate would have it, the Good Lord was looking after me. I flipped a coin and said heads we'll go, tails wait. It was heads. I negotiated with bankers for a road show and they agreed. We shook hands and went to dinner.



PHOTO BY DAVE DAWSON PHOTOGRAPHY/DAWSONPHOTO.NET

"Reflecting back on the Great Recession, I think most people don't realize that around seven out of 10 jobs in America touch an automobile. It was really, really important what GM did in 2008 to stimulate both the auto industry and the economy.

"And then, I think dealers are generally extremely resilient in this business. If you don't know what you are doing, you can go bankrupt extremely quickly. If you do know what you are doing, like someone such as Brad Cobb from Bowers Automotive Group, you can still survive when times are tough.

"I'm blessed to be able to work so closely with my family. My brother David's office is right next door. We have a wonderful family dynamic. Bruton always says, "Do the right thing." He says this is a people business and to take care of our associates. With our unique ownership structure, it allows us to absolutely do the right thing to sleep well at night. It's worked really well for us."

B. SCOTT SMITH
President/Chief Strategic Officer/Director



DEALER SPOTLIGHT

Brooker Ford Lincoln and North Georgia Toyota

Dealerships: Brooker Ford Lincoln; North Georgia Toyota

Owners: Bob and Allen Brooker: Brooker Ford Lincoln, Eddie Brooker: North Georgia Toyota

"My dad was a WWII veteran. He took a job as a salesman, selling farm equipment and deep freezers. Most of the people he would call on had just gotten electric power. In 1953, he got the opportunity to buy an interest in the Plymouth Desoto dealership and he mortgaged the house to buy an interest.

"In the 1950s, as manufacturing facilities were ramping up after the war, there was a shortage of cars for a while. Most of the transactions were done in cash. My dad ran Plymouth Desoto through 1960 before Desoto went under and was replaced with Chrysler. Then an opportunity came up to buy an existing Ford dealer. He and his partner Mr. Burnette bought it. Chrysler Plymouth became Brooker Motor Company and Burnette Ford was the Ford dealership.



(l to r) Allen Brooker, Bob Brooker, and Eddie Brooker

"In the early '70s someone told my dad that he needed to take on Toyota. He had fought against the Japanese in the Philippines during WWII. He had some mixed emotions about that. He bought into the Toyota franchise in 1975 and it operated as Brooker Motor Company. Toyota just exploded in the '70s.

"During the recession in 2008 and 2009, Dalton was hit particularly hard. It was really tough. Several stores closed including our Isuzu and Hyundai store. We had to roll up our sleeves.

"From 2008-2010, a third of all dealerships in the U.S. closed. Dalton was hit especially hard with high

unemployment. But now we are starting to see our sales numbers increase again.

"My dad applied the basic principles of being honest in all dealings, and doing what's right regardless of the cost in every situation. I think that philosophy served him well. Repeat customers over many years served him well. Those are things that my dad instilled in us over and over again."

ALLEN BROOKER

Co-Owner/General Manager of Brooker Ford Lincoln



Don Ledford Automotive Inc.

Dealerships: Don Ledford Automotive Center – Cleveland, Don Ledford Auto Park – Athens

Owners: Debbie Ledford Melton: Don Ledford Automotive Center – Cleveland, Don Ledford Jr.: Don Ledford Auto Park – Athens

"My father had been a used car dealer and he always wanted to have his own dealership. In 1980 he purchased the Pontiac and Buick franchises. It was one of the worst possible times to get into the business as interest rates were super high – like 18%. But Pontiac and Buick were hot lines at the time. And the business just grew.

"In 2001, we purchased the Cadillac and GMC businesses. Our business almost tripled overnight. Then in 2007, we were able to acquire the store in Athens, which I continue to own and manage now.

"In 2008 and 2009 it was really tough, but I never really believed GM was going to go out of business. Now I am the only GM dealer between Knoxville and Chattanooga and it's a good time to be a GM dealer."

DON LEDFORD JR.
Owner, Don Ledford Auto Park in Athens



Groundbreaking of Don Ledford Auto Park

"One thing I find important about our Cleveland store history is that after the loss of the GM franchises, the community rallied to help bring them back. They signed petitions, did YouTube videos, called GM, emailed, and wrote letters. Not only did we get back Buick, GMC, and Cadillac, but with the public's support, we were able to salvage the Chevrolet dealership that had closed after 60 years in the same family. We can never

repay the level of support and loyalty that was given us. We can only promise to move ahead with the same level of sales and service Dad began years ago."

DEBBIE LEDFORD MELTON

Dealer Operator/Partner, Don Ledford Automotive Center in Cleveland

