

CHAPTER 6

Success Against the Odds: “Take Care of the People, and They’ll Take Care of You”

By Lonnie Blackburn

Our customers work hard in their day-to-day lives. I know and understand that. I also know that the last thing they want to do is deal with a car dealer who makes empty promises and never addresses their real needs.

That’s why we created Academy Cars—to be different, with different principles in place. When we started Academy Cars in 1981, my dad said something wonderfully profound that stays with me to this day: “Take care of the people, and the people will take care of you.”

That quote has always guided our business philosophy. My wife, Joyce, and I recognize that we are nothing without our clientele. We understand that those who work hard deserve respect. We *are* a dealer “For The People®” because we *are* the *people*. In this chapter, I’d like to share how we battled against the odds to continued success and give you insight into just how—and why—we treat our customers with the highest level of respect.

HUMBLE BEGINNINGS

I learned to battle odds at an incredibly young age: zero. On November 6, 1950, I was diagnosed with “Blue Baby Syndrome,” a serious condition meaning I most likely wouldn’t be around long enough to walk or even talk. As a matter of fact, my parents were told I would only live for a matter of hours. That was 504,660 hours ago as I write this, and my 84-year-old mom is still counting the hours (and luckily, so am I).

Learning to work at an early age was helpful, and I wish more youngsters had that opportunity today. My first job started when I was eight years old. I worked for my dad, who owned a service station and tire center. I made 25 cents an hour working three afternoons a week and Saturday mornings, doing things like stocking oil shelves.

As an adult, my first full-time job paid a little more: \$125 a week. Joyce and I had just gotten married, and our house payment was \$125 a month! In 1973, I found my real calling at the local Chevrolet dealership. There, I discovered that I loved selling cars and building relationships with people.

I also learned how economic conditions outside of your control can really affect you. When the OPEC oil embargo hit, there were huge lines at gas stations and people were panicking. They were afraid gas prices would go over 50 cents a gallon! And here I was, working at a dealership stocked with all types of gas guzzlers: Chevy Impalas, Caprices, and pick-up trucks with big, fuel-burning engines. A new introduction, the Chevy Vega, became our best-seller! Imagine that!

A few years later, I teamed up with the person who was the perfect business partner for me, my wife. In October 1981, we opened Academy Cars, a small and simple car rental agency located in a strip mall in the back of Lawrence Auto Plaza. Armed with \$1,400 cash, everything mortgaged to the hilt, and a \$50,000 co-signed line of credit, we dived off the deep end. Yet again, the economy was not our ally. The country was in a recession, and

the prime interest rate was 19 percent, if you can believe that. We were determined to make it, and with Joyce as my business partner, how could we fail?

To generate some initial cash flow, we advertised car rentals for \$5.95 a day. We didn't rent to very many elite travelers. Instead, we rented to normal, everyday people like us. We even sold a few cars on the side to supplement the rental income each month.

That side business became highly important in 1995, when a national car rental enterprise opened a new branch in town. This competition put a huge dent in our rental business and presented another huge challenge to our survival. We had to step up our car sales dramatically. Sales quickly became our focus, and we managed to "keep on keepin' on." Like so many others, we have found our challenges have turned out to be our greatest blessings.

Now, Joyce never thought herself to be a "real" car salesperson, but while I was going to auctions and buying cars, she became just that. As a matter of fact, she was our top salesperson every month for four years in a row!

As we are all painfully aware, in June 2008 the United States suffered a meltdown of our financial markets and the Great Recession was in full swing. However, just as the Chinese word for "crisis" can also mean "opportunity," this time it proved to be true. We had an opportunity to acquire a former, and much larger, dealership out of foreclosure. Never being one to back down from a challenge, Joyce and I decided, after much consternation, to take the leap. We were selling around 26 cars a month in our smaller facility. Now, moving to a 14,000-square-foot building, the reality was setting in: continuing to sell only 26 cars a month would not be an option.

It was clear that our business model would have to change because we had to do things on a much larger scale. We had to learn how to serve our customers better and attract more of them.

That's when my dad's message really kicked in, "Take care of the people and they'll take care of you." I had to figure out how to make Academy Cars work as if it was on steroids!

CHANGING IT UP

Earl Nightingale, the late great motivational speaker and best-selling author, once said, "Look at what the majority of people are doing, and do the exact opposite, and you'll probably never go wrong for as long as you live."

We turned this sentiment into another great philosophy for us as we moved ahead with our major expansion. We didn't want to be like other car dealers. After all, I had started my career in new car stores, and I did not like the "game." We didn't want to traffic in all of the empty promises, which usually involve price, selection, value and service. Instead, we wanted to show how these promises could be kept.

Low price. This is a very prevalent empty promise. Dealers selling used vehicles buy them from the same places and pay about the same price for the same quality of vehicle. Finding a car way below the market value begs the question, "Why?" Instead of offering a poor-quality vehicle, we offer a higher-quality vehicle with our added value to back it up.

Selection. This can be another empty promise. Just because a dealer may have it on the lot does not make that car the best choice for you. However, Academy Cars has access to 20,000 different vehicles on any given day. If we are looking for a car that exists, at market value, we can deliver that car in a very short time span.

Value. Well, that carries many meanings to many different people. We feel it's an automatic component of what we do. The value at Academy Cars is "added" value to what you already deserve.

Service. Do you not have the right to expect good service? If it

isn't delivered, it's a disappointment. Our service is clear from the time you walk in the door. Do not be surprised if three or four different people offer you drinks, popcorn, or even a warm chocolate chip cookie.

We have gone beyond the industry's typical games, slogans and marketing maneuvers in so that we can connect with people on a whole new and different level.

A DEALER FOR THE PEOPLE®

We wanted our customers' experiences to be fun, simple, quick and easy. We wanted to become a true dealer "For The People.®" For us, that means meeting people wherever their transportation needs are.

In the northeast Kansas market area that we serve, owning a car is critical to day-to-day activity. We put lots of miles on our cars. Without many public transportation options, a person needs a quality car to get around. Everywhere you want to go is a long way from anywhere you are.

The need for the right car is what drives customers to visit us. They have a transportation problem that needs to be solved in one manner or another. Though it's always technically true that the cheapest car to own is the one you already have, you can reach a time when maintenance exceeds interest cost, or a repair exceeds a car's value. Then, it's time for a nicer, newer car.

The new economy has caused all of us to re-evaluate our spending habits and hold on to cars longer. Because of this, new car sales had been slumping, and the salvage rate on cars was exceeding the build rate of new cars, by 3 million vehicles a year, obviously putting excess pressure on used car prices.

At the same time, many people have seen their credit scores hit hard. The average credit score has dropped more than 100 points in the past three years and more than 60 percent of us now have less than prime credit. At Academy Cars, we help folks repair

their credit, finance their cars and drive a nicer, newer car at the same time. Life is a lot sweeter with good credit!

When someone comes in to see us at Academy Cars, we sit down with them and spend time talking to understand what kind of problem we're trying to solve.

- Is the Mustang going to accommodate the new member of the family in nine months?
- Is there a credit issue?
- Does an older car have to be replaced?
- Lack of down payment?
- Need a lower monthly payment?

Whatever the case, we desire to see each customer drive away in a nicer, newer car. More often than not, even if it does not seem possible, that is just what happens. As we always say, "Nobody should have to drive a car they hate."

THOSE WE'VE HELPED ALONG THE WAY

I believe that if you provide a solution to a problem rather than selling a car, you have a friend for life, not to mention a loyal customer.

This reminds me of many customers, including Derek and Lisa S., a couple from Ottawa, Kansas, who came to see us in 2006. When they were taking delivery of their 2001 Mercury Marquis, we advised Derek and Lisa how to restore their credit by making payments on the car in a timely manner. A year later, they brought their daughter in for a car and qualified to be her co-signer! They chose to make their lives better. Now, they can walk in and buy whatever vehicle they want—as evidenced by the much newer Dodge pickup Lisa just drove home this month!

Then there was a lovely couple, Chuck and Linda Y. They had been everywhere trying to get a car, any car. As they were getting the keys to their Buick LeSabre, we advised Chuck and

Linda—just as we had with Derek and Lisa—that the best way to rebuild their credit was to make timely payments on their loan. Three years later, when Chuck definitely needed a newer pickup, the couple had drastically improved their credit rating. They proceeded to tell *us* they would be diligent with their payments. Last year, when Linda's Buick needed to be upgraded, they came in with a great credit score, and she left happily with another vehicle and a credit union loan to boot.

Customer stories like these are why we love what we do at Academy Cars.

We have published our promise, purpose and mission statement, and car-buyer's bill-of-rights in print and on the websites, as well as displaying them in the showroom. The many, long-term, established relationships we have with our many lenders led to perfecting the "For The People[®]" credit approval process, securing approvals for more than 90 percent of our applicants.

As we have battled the odds over the years, we've been blessed to surround ourselves with great people. Without the best employees, you lack in all areas. When you are surrounded by people who share your values, ethics and moral standards, life is a real joy.

We view everything as a gift from God, and we want to share that gift with our employees and customers. I'm proud of what Academy Cars stands for and quite proud of all of our customers who have taken steps to improve their lives. And I can say that Joyce and I wouldn't trade a day of our lives for anyone else's.



About Lonnie

“Life is all about your priorities.” And from a sermon heard at a Promise Keepers Conference in 1995: “God, Family, Career, and save something to keep yourself fresh! Keep these priorities intertwined as much as possible and most importantly in order of importance.” This is probably the ONLY reason my best friend, business partner of 32 years, fishin’ buddy, golfin’ gal, Joyce, and I have remained married for 39 years!

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