



Reflections of an Automobile Dealer

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In 2005, my wife Mary and I took a trip to Greece with a small group of people associated with Macalester College and Georgetown University. The trip was led by Calvin Roetzel, professor of religion at Macalester College and author of *The World That Shaped the New Testament* (Westminster John Knox, 1986). Professor Roetzel conducted lectures as we stopped at important historical sites and, at the end of the day, on what we experienced. He placed great emphasis on the roads that allowed Paul to travel in a more effective manner throughout the Roman Empire, preaching the gospel of Jesus Christ. Some 1900 years later, roads continue to have a significant impact on change in America.

HENRY FORD AND THE MODEL T

The occasion for this issue of *Word & World* is the centennial anniversary of Henry Ford's introduction of the Model T. As former Ford President Lee Iacocca notes:

The boss [Henry Ford] was a genius. He was an eccentric. He was no prince in his social attitudes and his politics. But Henry Ford's mark in history is almost unbelievable. In 1905 when there were 50 start-up companies a year trying to get into the auto business, his backers at the new Ford Motor Co. were insisting that the best way to maximize profits was to build a car for the rich.

But Ford was from modest, agrarian Michigan roots. And he thought that the guys who made the cars ought to be able to afford one themselves so that they too

Lee Markquart introduces us to the world of the automobile dealership and to changes in that business. At the same time, we learn about him and his business practices, and how these interrelate with his life of faith.

could go for a spin on a Sunday afternoon. In typical fashion, instead of listening to his backers, Ford eventually bought them out.¹

From Iacocca, we learn that Ford instituted both mass production and mass consumption.

He figured that if he paid his factory workers a real living wage and produced more cars in less time for less money, everyone would buy them.

Almost half a century before Ray Kroc sold a single McDonald's hamburger, Ford invented the dealership franchise system to sell and service cars....By 1912 there were 7,000 Ford dealers across the country.²

Henry Ford was a well-known titan in American history, but few people realize the power people like Henry Ford had one hundred years ago. Ford's drive to create a mass market for automobiles led to the creation of the middle class. The middle class became a reservoir for better-educated future leaders who changed the way business is conducted in America.

HENRY FORD AND THE AUTOMOBILE DEALERS

Like everything else under the sun, the car business has been changing dramatically. According to the May 2007 edition of *AutoExec*, in 1917 there were 15,000 dealerships; as of January 1, 1987, there were 25,150 new-car dealerships, but by January 1, 2007, that number had diminished to 21,200.³ This moderate consolidation in the number of franchised dealerships is expected to continue. The loss of dealerships over the past twenty years has been largely concentrated in the smaller-volume categories. These numbers provide only a clue to the reality that produced them. John K. Teahen Jr., senior editor of *Automotive News*, wrote in a recent article:

The Detroit Big 3 built their dealer organizations in the days of city streets and stoplights. A 20-mile trip was a major excursion. So Ford, Chevy, Plymouth (remember Plymouth?) et al. had to have an outlet every few miles to serve their customers.

The imports built their dealer organizations during the Expressway Age. The guys and gals who run the import-car companies are smart, smart, smart. They know how many dealerships they need, and that's how many they have. The folks at Chevy, Ford and Dodge are just as smart but they are locked into an archaic system. Eventually, they will get out of it, but it will be difficult; it will take time, and it will be expensive.⁴

In 1977 General Motors reported sales of 5,148,131; Ford, 2,552,210; Chrys-

¹Lee Iacocca, "The TIME 100: Henry Ford," at <http://www.time.com/time/time100/builder/profile/ford.html> (accessed 8 May 2008).

²Ibid.

³Online at <http://www.nada.org/Publications/NADADATA/2007/> (accessed 8 May 2008).

⁴John K. Teahen Jr., "Why the Detroit 3 Have Too Many Dealers," *Automotive News*, 17 December 2007, 14.

ler 1,219,752; and AMC 184,361, for a total of 9,104,454 vehicles; import reported sales were 2,074,100, for an overall total of 11,178,554. The domestic companies controlled 81.5% of total sales. By the end of 2006, they controlled only 53.9% of total sales, while import companies controlled 46.1%. One can imagine the various levels of discomfort, even shock, as the impact of such change struck the individuals in assembly plants, the communities that surround them, the automobile dealerships, and the suppliers to the manufacturers and dealers.

While this history of my area of business might seem bleak, I remain bullish on the retail automotive market for the coming years. The vast majority of dealerships are family owned, and these dealers are leaders in almost every community throughout America. Not accidentally, the name of our NADA magazine was changed from *Cars & Trucks* to *AutoExec*. That simple gesture speaks to the fact that automobile dealers have had to become leaders of a different kind. They are no longer merely managers.

As *Word & World* readers consider the significance for their own communities of automobile dealers and sales, they should be mindful of some data from 2006:

Total sales of all new-vehicle dealerships in the United States	\$675.3 billion
Average sales per dealership	\$31.9 million
Dealership sales as a percent of total retail sales	20.3%
Total number of new-vehicle dealership employees in the United States	1,120,100
Average number of employees per dealership	53
Average annual earnings of new-vehicle dealership employees	\$47,191
Dealership payroll as a percentage of total state retail payroll	12.0%
Annual payroll of new-vehicle dealerships	\$53 billion
Average annual payroll per new-vehicle dealership	\$2.49 million ⁵

THE AUTOMOBILE DEALER: VISION, MISSION, AND VALUES

In 1995, every person in our own dealership became part of a process that formalized our company's values, mission, and vision. The process took over a year and close to one hundred meetings. The result of that process is a management system that touches every part of our organization. Every person in our company carries a card to remind us of our agreements. Every decision made, every action taken, every customer served reflects that system.

As I observed this process, it became apparent that what our young people value today, I was taught to value fifty years earlier. What could be more rewarding than that? In times of constant change, it becomes easy for people to think that even fundamental laws governing human decency and behavior have changed, but they have not. The same kinds of basic considerations that have always been needed to keep employees committed, customers enthused, owners proud and

⁵See <http://www.nada.org/Publications/NADADATA/2006/> (accessed 8 May 2008).

profitable, and suppliers and creditors glad to do business with you are required now.

It was imperative as a company that we clarify our vision, mission, and values, that we communicate these to everyone in the company, and that we align our daily practices with the same vision, mission, and values. Here is our result:

Vision is the “What?”—the picture of the future we seek. As for our organization: Markquart—THE automotive retailer of choice.

Mission is the “Why”—the organization’s answer to the question “Why do we exist?” At Markquart, our mission is to grow our business by creating loyal customers.

Values answer the question “How?”—How do we want to act, consistent with our mission, along the path towards our vision? Our values define how we want to function on a day-to-day basis, while pursuing the vision. At Markquart, we believe that:

Integrity is the cornerstone of our organization. It is imperative that we are honest, caring, loyal, and trustworthy and that we conduct ourselves with the highest ethical standards.

Positive Attitude is a fundamental component of quality customer service and good employee morale. A positive attitude entails optimism, friendliness, a can-do mentality, and assuming the best about your fellow employees.

Leadership is the ability to inspire other people to work together as a team to attain a common objective. Leadership can be demonstrated by everyone, by setting the example, admitting mistakes, and welcoming change.

A *Family Oriented* company provides competitive compensation plans and benefits, a safe and secure working environment, and is responsive to the needs of the family.

A *Fun Loving* company creates an atmosphere that has a dramatic, positive effect on the esprit de corps of the employees and makes doing business with us an enjoyable experience for our customers.

Recognition is acknowledging the efforts and achievements of an individual or team in a sincere and appreciative manner.

Community Involvement as a company and as individuals is the ultimate expression of pride in the community in which we live.

The Company’s Boss: In a company that truly manages by its values, there is only one boss—the company’s values.

Unless we can link our values to our actual work lives, they are meaningless. We need to be able to answer questions like these:

- Do you see the vision, mission, and values as guidelines you can identify with to sustain pride in the company?
- Do the vision, mission, and values truly provide a basis for daily communications and decision making throughout the organization?
- Do the vision, mission, and values provide a new set of rules of the road for allocating resources and solving task and people problems?

Genuine success does not come from proclaiming our values, but from consistently putting them into daily action.

THE AUTOMOBILE DEALER AND THE LEARNING ORGANIZATION

Reading, compiling, and writing has been a big part of my approach to leadership. I have been particularly interested in the concept of “ordinary people producing extraordinary results.” Peter Senge says this about what it takes to lead a learning organization:

At its heart, the traditional view of leadership is based on assumptions of people’s powerlessness, their lack of personal vision and inability to master the forces of change, deficits which can be remedied only by a few great leaders.

The new view of leadership in learning organizations centers on subtler and more important tasks. In a learning organization, leaders are designers, stewards and teachers. They are responsible for *building organizations* where people continually expand their capabilities to understand complexity, clarify vision, and improve shared mental models—that is, they are responsible for learning.

This new view is vital. When all is said and done, learning organizations will remain a “good idea,” an intriguing but distant vision until people take a stand for building such organizations. Taking this stand is the first leadership act, the start of *inspiring* (literally “to breathe life into”) the vision of learning organizations. In the absence of this stand, the learning disciplines remain mere collections of tools and technique—means of solving problems rather than creating something genuinely new.⁶

This view of leadership is crucial for both the automobile business and the church.

THE AUTOMOBILE DEALER AND THE MISSION OF LUTHER SEMINARY

I first met David Tiede, former president of Luther Seminary, when we hosted a presidential briefing at our home in February 1999; our daughter Jeanne was finishing her second year at Luther Seminary.

Before David told us anything about the seminary, he asked us what we thought were the problems in each of our Lutheran congregations that would be of interest to him. The dominant theme was our common concern for the number of Lutheran pastors who didn’t know how to effectively lead a church organization.

⁶Peter Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday/Currency, 1990) 340.

David then told us a story about a person he respected and admired who challenged him with this directive: “Stop preparing students for a world that no longer exists!” Striving to meet this directive was at least one impetus in the development of the seminary’s mission statement:

- Luther Seminary educates leaders for Christian communities
- + called and sent by the Holy Spirit
- + to witness to salvation through Jesus Christ and
- + to serve in God’s world

Our small group realized that Luther Seminary was already addressing our concerns. We also learned that, though the seminary had at one time received 100% of its funds from the church at large, that amount had decreased to 17%. Knowing the seminary’s mission and its need, several of the people became annual contributors to the Luther Seminary Foundation.

Mary and I agreed to join the Major Gifts Committee before the end of the Wellspring 2000 campaign because we were so impressed with David Tiede’s presidential briefing and the mission statement of Luther Seminary. In 2003 I accepted an invitation to serve on the Luther Seminary Foundation Board of Trustees. In this capacity, I have been impressed with the influence of the board of trustees and how that body has effectively collaborated with the board of directors in solving the challenges facing the seminary. I was also impressed with the transition process from the presidency of David Tiede to that of Rick Bliese. Most of all, I have been impressed with the development of the latest strategic plan—the board of directors, the board of trustees, the administration, and the faculty all working together to further the mission of Luther Seminary. What a privilege it has been to be a small part of that process.

As a businessman, I was intrigued by the parallels between the automobile business and the church “business.” I sought to learn more, and I found through Glenn Taibl, then a member of the development staff, Robert R. Richards’s book *God and Business: Christianity’s Case for Capitalism*. Richards writes:

Clergy and business people, embrace each other! The former, focusing on using wealth, and the latter, focused on creating and distributing wealth, have much good to do together. You have much in common....Equip business leaders with an understanding of God’s word and fill them with the Spirit and the commitment to take their love of God with them into the workplace. Affirm your congregation’s serving God in the secular world. Affirm their ministry in their vocations, charging them to every Sunday “take the Gospel to work tomorrow.” If business people are going to follow God’s Great Commission and take God’s Great Commandment into the marketplace, you are going to have to fulfill your responsibility to minister to business people. Recommit yourself to saving the souls of the affluent.⁷

⁷Robert R. Richards, *God and Business: Christianity’s Case for Capitalism* (Fairfax, VA: Xulon, 2002) 440–441.

As Lee Iacocca points out, Henry Ford, after his success with the Model T, failed to recognize the forces of change, refused for far too long to diversify, and learned the hard way that success is never final.⁸ Our challenge now in both business and the church is to learn how to respond to the changes brought by globalization. The search is on for answers to that question among both profit and non-profit organizations all over America. ⊕

LEE MARKQUART has been an automobile dealer in Jackson, Minnesota, and Eau Claire, Wisconsin, since 1963. He recently wrote and compiled for internal use The Great Game: A Handbook to Achieve and Maintain Success in Automotive Retail. Jim Collins's book Good to Great: Why Some Companies Make the Leap...and Others Don't (HarperCollins, 2001) was used as the basis for organizing and teaching the governing ideas of Markquart's company. Markquart is also a member of the Luther Seminary Foundation Board of Trustees.

⁸Iacocca, "The TIME 100."