

SAN DIEGO BUSINESS JOURNAL

Driven to Sell

RETAIL: Brecht Brothers Are Passionate About Cars

By Brad Graves

Monday, August 23, 2010



Tim Brecht was back at work on a Monday after spending the night at a major Southern California traffic artery. Brecht had parked his motor home in a spot near Interstate 5 on the grade of Tejon Pass, aka the Grapevine, midway through his drive home from Northern California. He and brother Tom Brecht had spent a portion of their weekend negotiating the 2.2-mile-long track at Mazda Raceway Laguna Seca near Monterey. The track's 11 turns include a 180-degree hairpin as well as an S-curve on a steep downgrade, a spot dubbed The Corkscrew. Cars move over the track at speeds ranging from 40 to 130 mph. Then it was back to business.

"Race on Sunday, sell on Monday," said Tim Brecht, 44, explaining that it was an old saying in the Brecht household. He was seated in Tom Brecht's office at BMW of Escondido, talking about running the business as well as its affiliated dealership, Mini of Escondido. The family-run enterprise, called Brecht Enterprises Inc. and based in Escondido, celebrates its 25th anniversary this year. Bill Brecht, their father, founded the business in April 1985. The brothers were among its original 12 employees, along with mother Jeanelle Brecht.

The early part of the decade that began in 2000 was a time of transition as Bill Brecht fell ill, and the brothers took over management. Bill Brecht died of cancer in August 2003. Today, the brothers are joint owners and managers — though on paper Tom is the principal and Tim the general manager of both dealerships. Tom is also chief executive officer of Brecht Enterprises, the holding company for the two auto dealerships.

Internet Drives a Change

The dealerships got new names in July. Before that, the dealers in the Escondido Auto Park had been called Brecht BMW and Brecht Mini. Brecht Mini opened in 2002, 17 years after Brecht BMW. Forcing the change was the Internet. People doing Web searches look for car makes, then the name of a nearby town. After a year of research and study, the Brechts concluded that "it's imperative you have brand and location" in a name, Tim Brecht said. "I don't know where Brecht is," said Tom Brecht, taking on the confused voice of the common Internet user who runs across the name Brecht BMW.

People should not conclude, however, that because Brecht has gone out of the name, that the Brechts have quit the business. "We're still here. We're passionate about what we do every day," said Tom Brecht, 48.



Tom Brecht, left, and his brother Tim run BMW of Escondido and Mini of Escondido. Their business is celebrating its 25th anniversary this year.



There are corporate dealers and family-owned dealers, Tim Brecht explained. Among private owners, he added, there are those who see cars as simply a way of making money. Then there are car people.

"We're car people," said Tim Brecht, and cars figure into the owners' play time. Both he and his brother had put separate 1968 BMW model 2002s through their paces at Laguna Seca two days prior. Tim took first place, Tom second.

"Like anything else, you need to enjoy and love what you do if you want to stay in it," said Tom Brecht. The Brechts have gotten offers to sell their business, but have declined them.

The Brecht brothers inherited their father's passion, said Gina Cunningham, former principal of Cunningham BMW. The El Cajon dealership was sold in 2008 to San Diego-based Sunroad Auto and is now known as BMW South County. Cunningham said the privately owned car dealership is still a viable business model in 2010. "There still can be family-owned businesses that can thrive and excel," she said.

Cunningham was also a spectator at Monterey when the Brecht brothers were in action. The BMW 2002s driven by the Brechts didn't have the "big bore" engines of their competitors, she noted, but they had other advantages to get them around the track. "Those little cars are nimble," she said.

Dealer Shakeout

Though the Brecht brothers have turned down offers to sell, that is not to say that business does not have its difficulties. Tom Brecht said he'd really like to have some economic news that gets people in the mood to buy.

Auto dealerships are feeling the grind of the recession. Urban Science, a Detroit-based research firm, reported that San Diego County has lost one out of every eight car and light-truck dealerships since January 2008. The number dipped from 132 to 125 by January 2009, then to 122 at the start of this year. By July, the number had declined to 115 dealerships. Urban Science defines a dealership as a "rooftop" that can shelter many automotive brands.

The county's five BMW franchises declined to four during the first half of 2010, Urban Science reported.

The Brechts declined to give revenue figures, though they said they are getting a greater percentage of revenue from the auto service side of the house. The Brechts have 50 service bays.

Service seems to be "keeping everybody in business now," Tom Brecht said.

Sales are down. In 2009, the Brechts sold 521 new BMWs, down from 754 in 2008. Across the street, the Mini dealer sold 619 new cars, down from 735 in 2008.

The Brechts' combined operations sold upward of 700 used cars in 2009, down from the 800 range in 2008, according to Tom Brecht. Corporate-owned auto dealers need to have an 8 percent to 10 percent profit margin, Tim Brecht said, and as a result feel more pressure to cut costs. "Tom and I chose to make less profit, break even and keep families fed," he said. Staff cuts at the Brecht dealerships have not been as widespread as at other local outlets, he said. The business has 160 employees, down from 180 at the end of 2007.

Competition Ahead

Urban Science reported that there is only one Mini franchise in San Diego County, but that's about to change. BMW of San Diego has signaled its intent to open a Mini dealership in Kearny Mesa at the end of this month.

"Mini decided San Diego was ready for a second franchise," said Craig Hauenstein, general manager of Mini of San Diego, adding that it will be Mini's 100th U.S. dealer.

But the Brechts are used to competition, in and outside of work.

The Brecht family began racing in 1992 and it's not done yet. Tom Brecht is looking forward to the Coronado Speed Festival on Sept. 25 and 26, when classic cars will circle the runways of Naval Air Station North Island.

The added bonus of the September race is that when it's over, there won't be the long haul back home.

