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After Getting the Boot, Car Dealers Regroup

By Jeff Bennett
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For two decades, Chuck Fortinberry made a decent living selling Chryslers and Jeeps in this town 40 miles north of Detroit.

Then last year, as part of Chrysler Group LLC's bankruptcy reorganization, Chrysler sent a letter informing him that his Clarkston Chrysler Jeep dealership was among 789 dealers the auto maker was dropping.

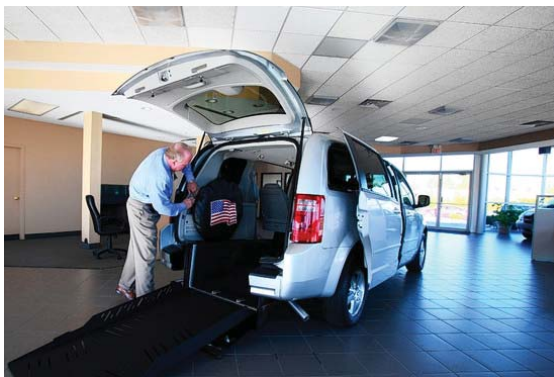
Since then, Mr. Fortinberry has been on a journey to salvage something from his business and map out a new future. About 10 miles from his darkened dealership, Mr. Fortinberry has opened Ironton Rustic Furniture and Accessories, offering everything from tables and chairs to beds and couches.

"Selling Chryslers wasn't just my job, this is what I was," the 54-year-old Mr. Fortinberry said. "I was the Chrysler-Jeep dealer in Clarkston. I was the guy you went to when you needed jerseys for your baseball team. There was a lot I had to get through but I knew I had to move on."

Across the country, hundreds of car dealers are facing the same challenge while struggling with the taxes and other costs of maintaining a large piece of commercial property. Selling the land isn't an option for many of them, given the poor real-estate market

Last year, 1,603 dealerships closed their doors, most as a result of the Chrysler and General Motors Co. bankruptcies, according to Urban Science, a Detroit-based consulting firm. An additional 309 dealerships went dark in the first eight months of this year.

The closures leave about 18,170 dealerships in the U.S. employing 912,200 workers. More closings are now on tap after Ford Motor Co. last week said it wants to cut 175 of its Lincoln dealers within the next two years.



A dealership's closure can have a big economic impact in a small town. The average dealership last year employed 49 people and had an annual payroll of \$2.4 million, according to the National Automobile Dealers Association. The payroll for all U.S. dealerships last year was \$43.5 billion, and represented almost 13% of the nation's total retail-trade payroll, the association said.

Although there are no national studies, auto makers say many of the affected dealers who were already selling other brands have simply carried on by focusing on those remaining makes or by selling used cars.

Chrysler said as many as 85% of the 789 dealers it dropped are now selling other car brands. GM offered no estimate of how many of its 1,549 dealers set to lose their GM franchises Nov. 1 might stay in business by selling other brands.

But those who didn't have other car lines to offer are still searching for a way to make a living.

Bill Kendall, who spent more than 10 years selling Chryslers in East Windsor, N.J., took a \$30,000 gamble to become the nation's first Independent Sears Auto Center franchise. Mr. Kendall is now selling Die Hard batteries, tires and oil changes along with used cars. Sears Holdings



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Corp. initiated the franchise idea in February to take its auto-maintenance business beyond shopping malls.

If all goes well, Mr. Kendall said he may turn a profit by year-end and add to his 15-member staff.

"It was a very difficult transition," he said. "We were forced to get past the disappointment and anger of having our Chrysler franchise taken from us. We needed something that had a national franchise and we think we have found an answer here" with Sears.

Buddy Ouzts of Winder, Ga., didn't wait to lose his Chevrolet dealership. He decided to end the franchise as GM was preparing for bankruptcy last year and the dealership, founded by his father in 1939, was facing another year of losses.

Left with a car lot, repair bays and a showroom, Mr. Ouzts turned to Driven Brands Inc., owner of Meineke Car Care Centers, Maaco auto-body repair and Econo Lube N' Tune & Brakes franchises.

Driven Brands was targeting former Detroit dealers, offering them the chance to convert to franchised repair shops at a discount. Mr. Ouzts's dealership became a Meineke location, and now he's servicing cars of all makes and models.

The number of oil changes his business performs jumped to more than 330 a month from about 200. He also is selling used cars on the side.

"I am not out of the woods yet but I am getting there," the 74-year-old Mr. Ouzts said.

But some closed dealers are still struggling to find work. Rob Isakson said he considered selling used vehicles after Chrysler dropped Isakson Motor Sales in Hobart, Ind., last year. But he couldn't find any banks to offer financing.

The 53-year-old now is searching for a job while trying to sell the three-acre dealership property.

"If you cut my wrist I would bleed Mopar blue," Mr. Isakson said, referring to Chrysler's Mopar parts division. "We were an 82-year-old dealership. We survived the Depression and recession only to be wiped out by some politics."

Mr. Fortinberry in Michigan, however, may have finally found a business that will allow him to keep his 30,000-square-foot former Chrysler store and offset the \$30,000 a month he spends on the taxes and mortgage.

While his wife, Dana, a former Oakland County district judge, and his son, Lane, run the furniture store, Mr. Fortinberry is starting a business called Auto Ability, which outfits and sells vehicles adapted for people with disabilities.

"This was the only business I could find that allows me to use everything on my property," he said. "We have two vans done, four more in the shop and I have eight more orders."

