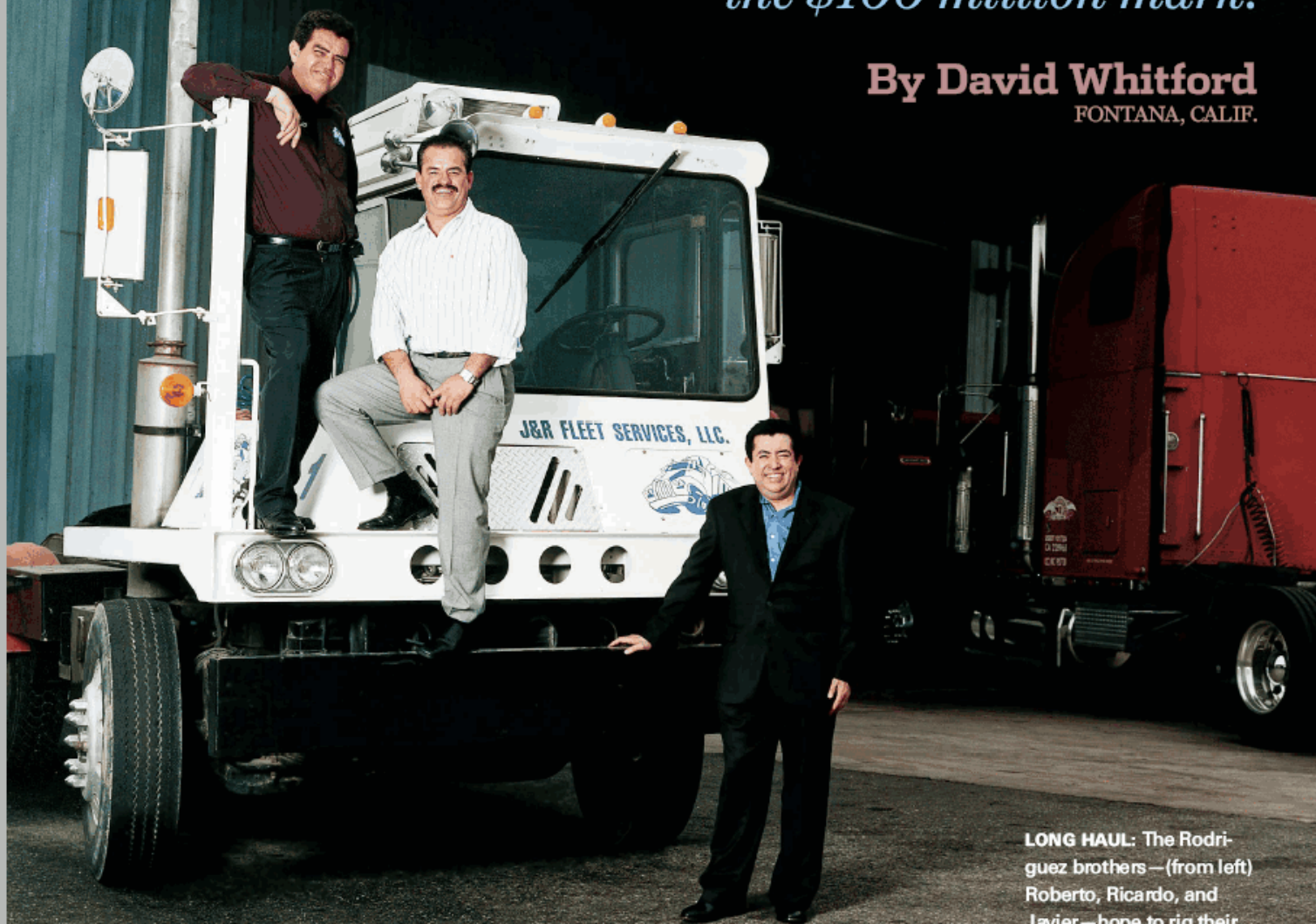


# Shifting a Business Into *Overdrive*

*Our consultants steer a small truck-repair company toward  
the \$100 million mark.*

**By David Whitford**  
FONTANA, CALIF.



**LONG HAUL:** The Rodriguez brothers — (from left) Roberto, Ricardo, and Javier — hope to rig their garage for faster growth.

**W**E'RE NOT IN TROUBLE IN THE SENSE THAT we're going bankrupt or anything," Javier Rodriguez had explained the first time we met. "We're in trouble in the sense that we have this very audacious goal." Then he laughed. No, that's not quite right; he cackled. High pitched and loud, as if he were crazy, which maybe he is to think that he can take his 28-bay truck-repair shop in Fontana, Calif., from \$12 million in annual sales all the way to \$100 million by 2010.

But that was a couple of months ago. Rodriguez is not laughing right now. Actually, he looks as if he could use a Tums or something. That's because consultant Dave Fulghum, who knows more about the trucking industry than anyone Rodriguez has ever met, is looking him straight in the eye and telling him that his audacious goal may well be doomed. If he opens that huge

new repair facility down the road, Fulghum says, and he's not very, very careful, his current parts suppliers—who also do repairs—will view him as a threat. If that happens, he adds, they could decide to cut him off. And if that happens, he sums up, "your business model breaks down."

The room falls silent. Rodriguez is brooding. "So does that mean we do not open?" he finally asks, his voice squeaking. "We do not build it?"

We're in the conference room of J&R Fleet Services ([jandr fleetservices.com](http://jandr fleetservices.com)), Rodriguez's truck-repair shop. The business sits near the intersection of I-10 and I-15, about 50 miles east of Los Angeles, in the middle of a hardscrabble commercial strip known as Truck Town, where the economy is all about catering to drivers and their rigs. Drive down Valley Boulevard, and all you see for miles are bars, restaurants, massage parlors, adult bookstores, gas stations, truck lots festooned with pennants, and garages. Lots and lots of garages, some as big as airplane hangars.

Eight years ago Roberto Rodriguez, now 43, and his brother Ricardo, 39, asked their other brother, Javier, 51, to help them open a little repair shop in Truck Town. Javier didn't know a lot about trucks; he was an accountant, a former partner at Arthur Andersen and KPMG. Moreover, he was at a point in his career when he was thinking about retiring. But when he studied his brothers' plans, he says, he recognized a thrilling opportunity "to forge our own destiny."

He put his retirement dreams on hold.

The big challenge for J&R has been how to stand out from the crowd. "We're not going to do a body shop," is how Javier explains the disciplined strategy they've been executing since day one.

"We're not going to do fuel sales. We're not going to do truck sales. We're just going to do one thing, and we're going to do it well, and we're going to focus on the customer and what the customer wants." That means J&R does mechanical repairs, period. It promises convenience (no appointment necessary) and speed (no long waits at checkout and a one-day turnaround 90% of the time). It coddles road-wear drivers (who don't otherwise get much coddling) with showers, laundry facilities, movies, and nap rooms furnished with recliners, all at no extra charge. Sounds as if that ought to be standard industry practice, but it's not. "If you walked into a truck dealer and said, 'Can you fix this for me today?' he'd probably laugh," says Fulghum, who travels the country on consulting gigs for his Chicago employer, MacKay & Co. In fact, Fulghum knows of only one other truck-repair shop that operates the way



Ricardo, who heads J&R's customer service, says he has to translate between his brothers, **"even though they both speak Spanish."**



**J&R FLEET SERVICES'**  
truck-repair shop in  
Fontana, Calif.



## How J&R Can Gear Up

- › Improve communications with twice-weekly meetings between the older brothers.
- › Consider outsourcing HR.
- › Prepare for increased volume by investing in GPS and tablet-based check-in systems.
- › Find new markets that won't immediately draw the attention of more powerful rivals.

J&R does—no appointments, one-day turnaround—and that's in Detroit.

Customers love that kind of service. Since J&R opened in April 1998, it has been growing at an average annual rate of more than 40%. But the Rodriguez brothers want more. The road to \$100 million will take them well beyond Truck Town. They're hoping to replicate the J&R model throughout Southern California.

"Take a deep breath," says Los Angeles family-business expert Rosa Carillo, one of three consultants tapped by *FSB* to vet the Rodriguez brothers' plan. We're back in the J&R conference room, up a narrow flight of stairs from the rumble and roar of the shop floor. (All of us except Roberto. "Somebody has to run the shop," Javier explains. "You will meet him, but you can-

not meet all three of us at the same time.") Javier and Ricardo fill their lungs. Carillo continues: "Do I really ... want ... a ... bigger ... business? Or am I happy with the way it is now?" This is meant to be a challenge, a moment during which the brothers seriously contemplate the real-world impact of that decision. But the breath has barely escaped Ricardo's mouth before he's answering the question. "I really want to grow it," he says. Javier, nodding assertively, concurs.

**A**T STAKE FOR THE RODRIGUEZ brothers is their legacy. They're all married; they all have children. They won't be satisfied until they can build a business big enough to accommodate the next generation, and the next.

Last summer, at Javier's urging, they enlisted MBA students from nearby Pepperdine University to plot a roadmap for expansion. That led to a commitment to executing the first step of their five-year plan: a "bigger, better" Truck Town facility, to be built on land they've since purchased three miles up the road. Set to open early next year, the second J&R outpost will feature a two-story atrium lobby, a movie theater with stadium seating, and 100 repair bays.

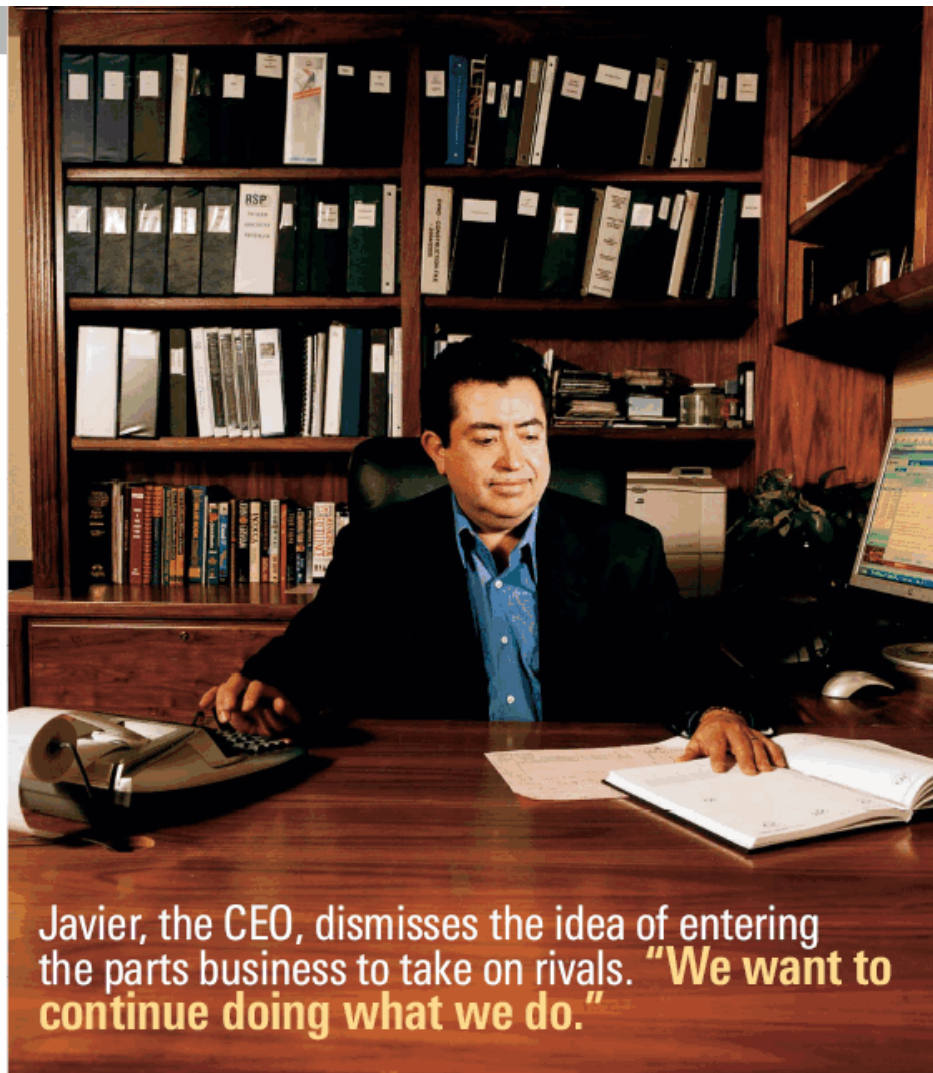
It doesn't take much prodding from Carillo to expose the first flaw in this plan: These guys are lousy delegators. Roberto, who oversees the shop floor, isn't the only one who has trouble letting go. Ricardo doesn't trust anyone else to man the counter, and Javier likes to make high-

## SMALL BIZ MAKEOVER

level decisions himself. Not only are they stalling their growth that way; they're getting on one another's nerves. "I guess I need some respect," Roberto tells Javier after he joins the meeting. "We are brothers. I am very important like you are here." Ricardo is tired of playing go-between. "To me it seems I have to do a lot of translation between Roberto and Javier," he complains, "even though they both speak Spanish."

Carillo sternly addresses all three brothers: "Right now, you can manage the entire operation because you can be everywhere. As it grows bigger you cannot do that. It's not possible. You have to get good people in place, and you guys have to step back and improve your communication and the way you think." Her prescription: Javier is to begin meeting twice a week with Roberto; Ricardo is to "leave the counter" for one hour each day and start looking for a replacement.

**T**ECHNOLOGY CONSULTANT BRIAN Kadison, also from Los Angeles, picks up where Carillo left off. Even in the early stages of their expansion, he says, the Rodriguezes will need to learn to delegate. "You're going to triple your basic throughput [volume] on a daily basis in 16 to 18 months," he reminds the brothers. "I'm concerned about how you're going to split that management between the shops." Technology can help, says Kadison. He recommends they look at outsourcing not just payroll but all of human resources, including recruiting. ("Where do you



Javier, the CEO, dismisses the idea of entering the parts business to take on rivals. **"We want to continue doing what we do."**

find 100 qualified technicians?") And the sooner they can stop filing "50, 60, 70 pages a day in boxes and metal filing cabinets" and solve their "massive paper overflow problem," the better. He would like to see them invest in a tablet-based check-in system, like the ones that the rental-car companies use, and a GPS system for keeping track of trucks on the lot. Spend the time and money—initially about \$100,000—on scalable systems

and software now, Kadison counsels, even if you have to put the growth on hold for a while. Javier, though cringing, accepts that there is wisdom in that approach. "A year from now we'll have the second building," he says, "we'll have the customers. Now is the window of opportunity to implement all these things to get us there. We have got to take this time to make these things happen."

Fulghum doesn't care so much about

## The Experts

**J&R FLEET SERVICES** has an innovative business model and a stellar reputation in the trucking industry. But can it translate that success into a \$100 million business? Our three consultants suggested ways to keep J&R trucking.



**ROSA CARILLO** is a family-business expert with Doud Hausner & Associates in L.A. [doudhausner.net](http://doudhausner.net)



**DAVID FULGHUM** is a trucking-industry consultant at MacKay & Co. in Lombard, Ill. [mackayco.com](http://mackayco.com)



**BRIAN KADISON** is an independent technology consultant in Beverly Hills. [kadisonltd.com](http://kadisonltd.com)

## SMALL BIZ MAKEOVER

family dynamics or information technology. His focus is on J&R's innovative business model. He gladly flew out from Chicago this morning because he wanted to see J&R's operation. "You're not unknown in the industry," he tells Javier, who blushes. "I knew about you, and that you were going to build a new facility, before you called. I wanted to come and see you because you're doing something different." Fulghum's first question coming in was, How do the Rodriguez brothers get their customers in and out of the garage so quickly? He had assumed that J&R's vaunted one-day service depended on a stockroom full of spare parts, just waiting to be inserted into the right truck.

In fact, J&R stocks very few parts, and that's the rub. They buy whatever they

need from Freightliner and Kenworth, the two biggest dealers in Truck Town. That's fine as long as J&R stays small. But here's the risk, says Fulghum: "If you put 100 bays in, you will put so much hurt on the truck-part suppliers [who have their own, competing repair businesses] that they might stop selling you parts or start raising their prices. You've got to think about how to position yourself so they won't turn on you."

The Rodriguez brothers are listening very carefully now. They could always stock their own parts, Fulghum suggests. That way they won't be dependent on the dealers. But Javier is dismissive. Too costly, he says, not to mention a huge distraction: "We don't want to go into the parts business. We don't want to go into

the body-shop business. We want to continue doing what we do."

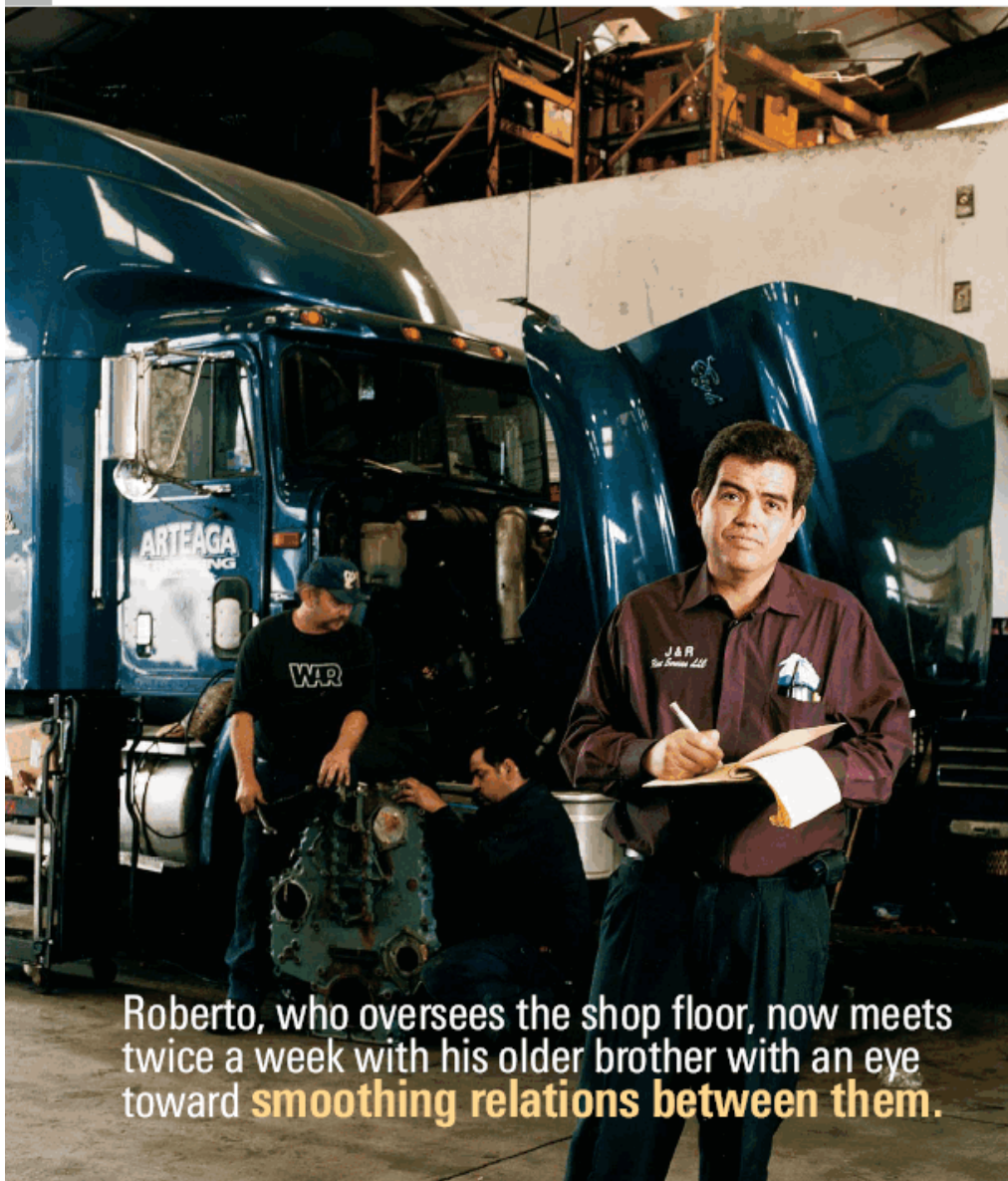
If that's the case, they'll need to grow in ways the dealers won't notice. Fulghum has a suggestion: Market to the small fleets in the area that are currently doing their own maintenance. "If you can convince a fleet to close its shop," he says, "to get rid of the grease, the mechanics, the union, all the problems that it has, and let you take care of its trucks, then the dealers won't see your new garage as a problem because they won't be losing business."

Fulghum has one more suggestion: Before the Rodriguez brothers add too many more garages, they should consider putting on a couple more shifts. J&R is closed on Sundays and through the night, which means that the garage operates at only 38% capacity. "If it were an apartment building with 38% rented," Fulghum asks, "would you really be considering building another apartment building?"

Fulghum's bottom line: Go ahead, build the big new facility ("I probably would have gone with something smaller ... but at this point you're sort of committed"), aim high; just don't pretend it will be business as usual. "You don't want to keep doing the same thing and hope that you could get [many] times bigger," says Fulghum. "That's probably not in the cards."

**B**Y THE END OF THEIR TIME WITH the consultants, the Rodriguez brothers have given up on their assumption that their smaller-scale success will translate easily into a \$100 million enterprise, and are taking steps to adjust. Javier and Roberto will start meeting twice a week on Tuesday and Thursday mornings, as Carillo suggests, with an eye toward smoothing relations between them. Ricardo will begin training a customer-service supervisor, in part so he'll have time to implement a new state-of-the-art record-keeping system. "I guess we have some additional criteria that we haven't really thought about before," says Javier, summing up. Right. *FSB* will check back later. □

*To give feedback or to nominate your company for a makeover, please go to **FSB.COM**.*



Roberto, who oversees the shop floor, now meets twice a week with his older brother with an eye toward **smoothing relations between them.**