

## M & A Sales, Tonda Mullis - Principal

- New England Auto Aftermarket is small.
- In the past 3 years, it has grown smaller in terms of number of accounts/retailers.
- M & A calls on Auto Aftermarket Chains, Mass Merchants, Food/Drug, and a few jobbers.
- Hard Parts are handled (usually) by Reps who focus only on those products.
  - Two highly recommended Reps for Hard Parts were Steve Lapidus (New York H.Q.) and Archie & Billy Burke (Cleveland HQ).
  - Hard Parts are usually handled by focused Reps, who cover larger geographical areas.
  - There is no way a Rep can make calls on and service every jobber in their marketplace.
- In the N.E. market, there are only 5 large Auto Chains:
  1. Auto Palace (ADAP): By far and away, the largest (larger than the next 4 combined)
  2. VIP (in Vermont)
  3. Acme Auto (in Hartford, CT): 24 stores
  4. Lappers: 8-9 stores
  5. Amerling (in CT)
- Reps are constantly flooded with firms wanting them to carry their lines.
  - Reps look at Manufacturers and evaluate them on:
    - Their product line:
      - Is there a market for these products?
      - How big is it? How much of a share could this capture in 3 yrs.?
      - Does the supplier know why/how it's uniquely positioned against competitors?
      - Is it quality built? Is it priced right?
      - Is there breadth & depth to it?
    - Professionalism:
      - Quality and adequate catalogs, brochures, price lists
      - Good packaging & display materials
      - Sales Manager expertise, character, style
    - Company:
      - Seriousness of the territory and supporting the Rep firm
      - Financial strength. It takes financial support to grow a business.
  - In sum, overall appearance is critical to the buyer and consumer.
  - Small companies with great support materials can really go far.
- M & A works on commissions of 4-8%, depending on the category & company.
  - Marketplace commodity products are price competitive, but then a Rep's Buyer relationship can frequently get a me-too product placed. We'll get 5-6% commission here.
  - For high turning, unique, easy sell-in products, we'll take 4%, but usually not at first. Only after years of building the business, suppliers will drop a Rep commission and most Rep firms think long and hard about dropping firms that do these things.
- Hard Part's get 15-20% commission.
  - It's a harder sell-in, takes longer, quantities start small.
  - Once in, it's like an annuity, sales just stay constant.
- The Hard Parts business is turning more and more to professional service end-users.
  - Technology is getting too sophisticated for DIYers.
- Auto Palace just took about 20 feet of "Fashion" products and added Hard Parts.

### Hot Categories:

1. Products that will help Accounts w/Service bays recycle oil & grease
2. Beaded seat cushions
3. Color waxes
4. 3-edge wiper blades
5. Idiot-proof security clubs