

The Savvy CEO provides the free exchange of ideas and reflection on the art of exceptional management.

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Growing the business.

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**Ernie Passeos,
Owner of
Liberty Harley-Davidson
dealerships.**

You can reach Ernie at 330-650-2799 or come by and take a good look at a Hog. You know you've always wanted one.

Akron Liberty Harley-Davidson is at 32 E. Guyahoga Falls Ave. and the North Liberty Harley-Davidson is in Boston Heights at 334 Hines Hill Rd. Or take a look at the website at www.libertyhd.com

The Savvy CEO Speaks

Ernie Passeos, our Savvy CEO, owns Liberty Harley-Davidson dealerships in Boston Heights and Akron and is first a 'motorhead'. He loves the business so much that bikes are a part of his life day in and day out. He sells bikes, he teaches novices how to ride, he sells and wears Harley clothing, and he rides his own bike daily. Yes, in Ohio.

His more than \$20 million dollar bike empire employs 70 people and is a leader in the Harley Davison company. He is truly the Harley King in NE Ohio.

So what does it take to build a successful motorcycle dealership? What are some of the unique challenges of this business?

Much of the same business acumen to run any business, we suggest. Well, we are an event driven business. We need to find ways to get people into the store and one way is to have regular ride events at each store. And we try to create a friendly environment where anyone feels welcome, as well as charitable events with our HOG chapter to enhance dealership awareness.

One way we create a more comfortable environment is to use women sales people. Our women sales people are very valuable for us: they provide a great presence, all are riders and really know the business. And they help us break the stereotype of a typical bike shop. We find that female customers are less intimidated if the sales person is another woman.

What are some of the biggest challenges you face in this business?

Well, personally, I had to move from being a hard driving successful salesman to becoming a complete business man. I had to learn to manage the entire business and worry about every element of the business, from dealing with the customer who walked through the door, to managing financing for the customer and for the overall business, to ensuring excellent customer service from our repair department, to securing parts inventory from walking out the back room. I was comfortable selling, but I had to learn the hard lessons of managing the entire operations. And I made some mistakes.

Mistakes?

Well, I was too trusting. I didn't want to accept that some of my employees were stealing from me. I had a steady loss of parts inventory and tried every way I could think of to manage parts. Finally, I had to accept that much of my missing inventory was walking out with my employees. We even found some of our parts in original boxes with our parts numbers on them at local swap meets. Trusted people were stealing.

Now I have put in place a more secure inventory management process and have a parts manager at Boston Heights who is not a bike guy. Important!

But now my latest challenge is succession. I need to begin planning for the future of my dealerships, to

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prepare the right people to follow me. I want to ensure the continued success of these operations and I know it will take some planning and very hard work.

Has technology changed this business?

Somewhat. Customers still want to meet the owner, but we can use technology to bring the customer into the store, or to find customers for repurchased bikes. In many ways have yet to fully tap into the internet to generate customers. And there are still some restrictions imposed by the Harley-Davidson company, but we see advances everyday.

Have there been any particular forces that have help shape you to become the business leader you are?

Well, I was a pretty tough kid; my dad died when I was ten and I was tossed out of high school at 17. But I joined the Marines and the Marines changed my life. I returned home from the

Marines, earned my GED and went on to Akron U. But the life long lessons I learned from the Marines of discipline and a willingness to take the good with the bad have been vital to my success. I use that training everyday in my work...most importantly I tackle the hard jobs first. The Marines taught me that.



How did you learn to be a people manager?

Well, I did go through the Ford/GM management school when I was working for a Chevrolet, then Ford, dealer. And I learn some helpful things there, but I really learned from my mentors, particularly Dave Towell, Cadillac dealer in Akron and Jim Lear, a Ford dealer. Dave is a true gentleman who taught me much about this business, the whole business. He taught me that I needed to bring all my knowledge to the playing field, I needed to consider the whole in my decisions, and to always treat my people well.

What advice would you give another President/CEO in managing the people challenges to his/her business?

Get the best advice you can from people who have gone before you. Prepare yourself with all the knowledge available and listen to your people.

Business Plan = Personal Cash Flow?

With six keystrokes or less most business owners can obtain their corporate profit and loss statements. But many business owners do not sufficiently plan and monitor their personal profit and loss statements with the same amount of detail.

People typically decide to start a business in order to have more control and influence over their work and personal lifestyle. Ironically, many find themselves working long hours to reach defined corporate goals. But they leave personal goals undefined as they sort through their corporate bank statements on Friday afternoons guesstimating what cash can be applied for personal use.

To properly reap the rewards of their labor, business owners should first acknowledge that a method is needed to define personal cash flow. And then ask, "How do I separate my business and personal cash flow into two components?"

Depending on the owner's situation and type of business, there are dozens of scenarios one could apply in order to define the personal cash flow component. A personal cash flow modeling device can help fill in the unknown gaps.

For example: When it comes time to sell the business, will the selling price; along with other personal retirement and investment accounts, provide the desired income to meet lifestyle needs? What should a business owner/executive use as a barometer to measure this progress?

These tough questions need to be asked during the profitable years, before retirement. Implementing a cash flow modeling device while there is still time to learn and make adjustments helps the business owner transform current intangible assets to tangible assets.



Typically there is no one in the business who can help the owner create a personal profit and loss statement. The owner could become his own personal CFO and collect this information in his spare time, or he could hire a trusted professional advisor to assist and monitor progress.

As a trusted advisor, Vince is considered an esteemed colleague and friend by his clients. With a focus on service, Vince works hand-in-hand with his clients and their other trusted advisors to ensure that every available financial strategy and opportunity is investigated and assessed.

To get some help, contact Vincent Westerman at 330.467.3111 x12 or vince@thewestermangroup.com.

Are You Talking to Each Other?



No stranger to tough times, Jim was reeling from cash flow problems, intense competition and disgruntled direct reports. And while his team regularly disagreed with him, they were not telling him directly but instead talking to each other.

Jim admitted he was operating under what seemed to be a false belief: that people were open and frank with him. A danger for a CEO: to believe what he wants to believe. "I have a picture of how my team works and it is real." Probably not.

Jim was finding it very difficult to make good decisions for the company when his most important players were not being straight forward with him. They were all good solid performers but not risk takers...not comfortable with challenging the boss or giving him bad news.

So he was flying in the dark and since he is a macro manager, looking at the large picture first and expecting the detail information to come to him from his managers, he was missing critical information about the health of the company.

How to get the truth out? What did we do?

First we called a 'Halt.' Go forward strategies had to stop until the entire team aired their concerns. We tabled all future oriented decisions. Calling the halt created a the necessary shock to the management system to capture everyone's attention. Each manager felt his future was tied to his own idea of the forward strategy.

Next we interviewed each manager separately and, not surprisingly, heard the concerns and fears these managers wanted to share. The managers were committed to the success of the company and clearly saw their futures linked to the company's but were not being open with the CEO. We provided a document which identified the concerns, no names attached, of the entire management team. Everyone had a chance to digest the information and later we facilitated a team session to challenge the team to openly discuss the themes and rationalize their own positions.

Out of this session came hard commitments, dates, and specific actions required for each member of the team. One key agreement each team member made was to confront one another when commitments were not met.

And what's the payoff?

More open communications about what is really happening in the business. And with more information, more problems are being addressed more effectively improving the production process and the morale of the senior team.

Is it working?

Yes, with the some stumbles but continuously improving. This conflict avoidance group has put concrete actions in place to trigger open discussion and resolution of problems.

Sliding back is a temptation, but the specter of a 'Halt' was enough to support the first behavior change. However, supporting each other with continued behavior change is a must for solidifying this business. More hard work ahead!

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“Pretend that every single person you meet has a sign around his or her neck that says, 'Make me feel important.' Not only will you succeed in sales, you will succeed in life.”

– Mary Kay Ash, Founder Mary Kay Cosmetics

***It's Always About People.** It's not just a slogan; it is a deep understanding that organizational growth is achieved only through the people on your team. If your people are in stress, so is your organization.*

The Nielsen Group are trusted advisors to executives dealing with people challenges in managing up, down and sideways. Need help in strengthening your team for greater results? Contact The Nielsen Group at 440-786-8800 or lnielsen@thenielsengroup.com.

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