

DICK NORDNESS - EXECUTIVE DIRECTOR - NORTHWEST TIRE DEALERS ASSOCIATION

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### March | April 2018

# Michelin's TCI & TBC to Combine Wholesale Businesses

Michelin North America Inc. (MNA) and Sumitomo Corp. of America (SCOA) have agreed to combine Michelin's wholesale distribution activities with TBC Corp's wholesales assets in a venture to be called National Tire Wholesale (NTW).

The new venture — which the new partners said would become the second-largest player in the U.S. wholesale tire market – will be considered an operating unit of TBC, which will be owned 50-50 by Michelin and SCOA.

The NTW business will combine Michelin's 85 TCI Tire Centers and TBC Corp's 59 Carroll Tire wholesale distribution locations.

Together the businesses will distribute nearly 15 million tires, valued at an estimated \$2 billion-plus.

American Tire Distributors Inc. is considered the largest U.S. wholesaler, with distribution of 32 million tires annually and sales in excess of \$5 billion.

The deal, which also includes TBC de Mexico, is subject to customary approvals and could close

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in the first quarter. Michelin will pay SCOA \$630 million in addition to the TCI Wholesale assets to the venture to match the \$1.52 billion in "enterprise value" of TBC's assets.

This new company "will provide better availability of tire products at all price points across North America, achieving greater scale in wholesale delivery for customers," Michelin said, as well as enable the companies to enhance service quality, capacity and speed for customers.

Continued on page 8!



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# Pep Boys Acquired Elliott Tire

Icahn Automotive Group LLC has acquired Elliott Tire & Automotive Service Inc, a Seattle based independent tire dealership with 10 stores throughout Washington, and has more acquisitions in their plans.

The stores will be rebranded with Icahn's Pep Boys – Many, Moe & Jack brand. Icahn Automotive operates 11 other Pep Boys outlets in Washington.

Founded in 1978, Elliott Tires operated four stores in Seattle along with locations in Everett, Kent, Kirkland, Mt. Vernon, Woodinville and Yakima.

Elliott Tire was a Goodyear Tire & Service Network – affiliated company and featured Goodyear, Dunlop and Kelly brand tires.

#### **Point S Added 20 Locations**

The Point S Tire & Auto Service network grew by 20 outlets last year – including the second dealership in Alaska – and anticipates further growth in 2018 as the marketing cooperative ramps up distribution in the U.S. Heartland.

The new point of sales are spread over 11 states within Point S's existing distribution foot print and each represents a business owner new to the Point S system. The stores push the Point S network past the 200-outlet mark throughout 16 states.

Here in the Northwest stores were added in Fairbanks, Alaska; Port Orchard and Royal City, Washington; Clackamas, Junction City and Vale Oregon; and Buhl, Idaho Falls and Montpelier, Idaho.

In December, Point S struck a deal with Nussbaum Distributing Inc. of Memphis Tenn, to be its distribution partner for Point S member dealers. This deal provides Point S the capacity to add 50 stores to its network.

Point S Tire will be holding its owners meeting February 22-26 in Hollywood Calif, where the member-owned cooperative is expected to discuss in more detail its expansion aspirations.

# On This Date In History

It's a real treat to be the "keeper of the NWTDA archives" and I would like to share what I found in the April 1988 issue:

The front page news was about the Lutz Tire Co. "Love Boat" trip and it had a photo of Art Lutz along with Kerry Elmer, Hazel Del Tire Factory and Lee Anderson, Lee's Tire Factory. It was formal night, but suit and tie with shorts really didn't match. There were two pages of photos from the trip and it looked like everyone had a great time.

There was also was this following news article by Keith Rowbotham:

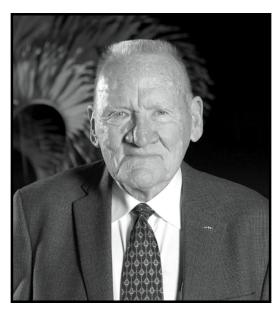
Firestone - Bridgestone ???

I suppose it is pretty certain by now that Bridgestone's offer for Firestone will be accepted. For some of you with Firestone stock, that's good news. For those of you with Firestone, lots of questions need to be answered. Also, what's the next move from Michelin, Pirelli, Goodyear? We shall all be watching, waiting and wondering.

#### A Few Words From Ron Fowler:

One day recently I spent several hours calling on some of our (NWTDA) members thanking them for their continued support and just visiting. Most had the Jan-Feb blahs but when I asked how bad it was, only one knew that he was ahead of last year. When the others looked up last year's figures only one was down. To those of you who may not of compared, it may be a good time to do it. It may not be as bad as you think.

# MARVIN BOZARTH TO RETIRE



The Tire Industry Association (TIA) has announced that Senior Technical Consultant Marvin Bozarth will officially retire at the 2018 Off-the Road (OTR) Tire Conference at the end of February. Mr. Bozarth has been with TIA since 1990 and has served as the Executive Director of the American Retreaders Association (ARA) and International Tire and Rubber Association (ITRA) from 1991-2002. Marvin took on the role as Senior Technical Consultant in 2002 and has been the primary resource for all TIA members involved in the retreading and repairing industries.

"We are grateful for the decades of service that Marvin has provided the membership and wish him well as he begins the next chapter o his life," said Roy Littlefield, TIA Executive Vice President. "Marvin and I have worked together since he started with the Association and his knowledge of the industry has played a crucial role in all of our government affairs efforts. He is an industry icon who will be missed by everyone in the tire business."

During this year's OTR Conference, Marvin will speak on the future of the retreading and repairing industries at the General Sessions and will give his final presentation as a member of the TIA staff. It will mark almost three decades with the Association and serve as his farewell to the industry.

"Marvin has helped so many people over his career that we wanted to make sure he had a chance to take the stage on last time," said Kevin Rohlwing, TIA Senior Vice President of Training. "It's an opportunity for him to give attendees his insight into the future of the industry and to thank those who have helped him along the way. Anyone who knows Marvin knows that OTR retreading is his first love in the tire business, so his retirement at the OTR Conference and a spot on the program were a natural fit."

# Congratulations Marvin and Happy Retirement.

# TIA SETS 2018 CTS TRAINING DATES

The Tire Industry Association has announced the dates and locations for the 2018 Commercial Tire Service (CTS) Instructor 400 Training Tour. These 4-day classes cover all aspects of medium/heavy truck tire service, and will teach all students how to instruct a 300 Level Certified Technician Course in the field.

The Certified CTS Program covers all aspects of commercial tire service including OSHA Standards, mounting/demounting, wheel installation and torque, road service, balance and repair. Students

will physically mount and demount a tire, as well as install and remove a wheel assembly from the truck using impact and torque wrenches.

Training classes in Denver, CO will be on March 13-16, May 1-4, October 2-5. For training in Baltimore and Dallas check with TIA at 800-876-8372 ext. 106.

For local CTS training check with the NWTDA office at 509-948-2433.



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#### THE COST OF TRAINING

Few would disagree about the importance of training, yet it still provokes some business owners to lament the cost in time, capital and materials necessary to purse it. Have you stopped for a moment to consider the cost of your business if you don't offer training?

At least some understand how crucial the "T" word can be. The Tire Industry Association's (TIA) updated Automotive Tire Service (ATS) training program is off to a fast start, with significantly more dealers initially signing up for the training than when the first version debuted seventeen years ago.

That's great news for TIA and for the driving public in general. It means there are more trained technicians servicing customers' vehicles than ever before. It means more independent tire dealerships have trained personnel, which bodes well for the future. And it means that the driving public overall is safer as a result of more vehicles' having been serviced by professionally trained technicians.

The question still remains: How many tire dealers have stepped up to the plate and gotten their tire service technicians trained?

TIA estimates that there are thousands of dealerships, large and small, that have yet to take advantage of TIA training, especially the ATS training.

That's a shame because one of the most important characteristics that distinguishes the independent tire dealer from the competition is outstanding technician service, not to mention how a better trained workforce limits the dealership's exposure to safety and liability concerns.

The current version of ATS training features several updates starting with the use of the latest service equipment in the program. A major emphasis also is placed on the use of torque wrenches to install wheels properly.

In addition, there's an entire module on what TIA has dubbed RIST: 'R' for removal of dirt and debris

from all mating surfaces; 'I' for inspection of the wheel components and the repairing and replacing of those gone bad; 'S' for snugging the lug nuts in a star pattern; and 'T' for torquing the lug nuts to specification.

TIA offers two types of ATS training; basic, which consists of 10 modules; and certified, which has 19 including one on tire condition analysis.

Certified ATS includes four new modules on tire pressure monitoring systems (TPMS), which TIA said are vehicle-specific as they relate to relearn procedures for sensors. The TPMS modules also contain a diagnostic component about why sensors might not be functioning or registering properly.

Let's give credit where credit is due; TIA staff and instructors have trained thousands in ATS and here are a few stats:

ATS Advanced Instructors	5,126
ATS Instructors	1,311
ATS Technicians	6,652
Basic ATS	17,108

Beyond ATS training, which covers passenger and light truck tires, TIA also offers training in commercial and earthmover tires and has new training available for farm and industrial.

To check out the training that is offered by TIA simply go to the TIA web page, www.tireindustry. org and select training.

Locally, the Northwest Tire Dealers Association has been offering the Commercial Truck Tire (CTS) training for over 20 years and we have brought in TIA trainers to do OTR and Farm tire training. Currently NWTDA has a ATS instructor who will offer ATS training starting in April.





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# Continued from front page

# Michelin's TCI & TBC to Combine Wholesale Businesses

"This partnership with SCOA will better position us to serve our retail customers and ensure that consumers have access to our products when and where they need them," said Michelin Chairman and President Scott Clark.

"With this partnership, we can offer an expanded geographic foot-print, a broader breadth and depth of product choices and better availability and increased deliver frequency. It will also allow us to provide better and faster service to our direct customers through an enhanced delivery service program."

Sam Kato, senior vice president and general manager of SCOA's Auto and Aerospace Group, added: "This joint venture further supports our mobility strategy in this new, dynamic era in the automotive landscape."

"In addition to the competitive edge this joint venture provides in the distribution arena, we believe Michelin's successful experiences in mobility services will add value to TBC. SCOA will continue to pursue investments, which support our goal of integrated mobility solutions, such as this."

From TBC's point of view, the goal of combining TCl and Carroll Tire is to create an "organization that's nimble, able to serve a multitude of constituencies, be it fleets, car dealers, e-commerce, independents, franchise networks, whatever," said Erik Olsen, currently president and CEO of TBC.

The creation of NTW – a brand name that TBC has owned for decades but which has been idle-"enhances our mission statement of the past 60 years," Mr. Olsen said, "by offering the possibility of and even high level of service than today."

In their joint prepared statement on the deal, the partners said the venture will offer a number of strategic benefits, including:

- Becoming a more competitive player in the growing North American tire wholesale and auto services sector, enabling growth in critical North American markets
- Combining distribution, reach and speed for satisfying the needs of online consumers more effectively
- Providing a foundation for coast-to-coast coverage of car and light truck service providers, addressing trends of growth in fleet maintenance and increasing complexity of service requirements and tire sizes
- Increasing the companies' market share and operational scale, positioning the venture for faster growth

# **Sears to Close 24 Auto Centers**

Sears Holdings Corp. will close two dozen Sears Auto Centers, including three each in California and Texas, as part of a plan to close 103 stores in the company's latest round of closures announced in January.

Here in the Northwest, the Sears Auto Centers slated to be closed include two in Idaho (Coear D' Alene and Twin Falls) one in Springfield Oregon and one in Anchorage Alaska.

More of the closures, including 64 K Mart Stores and 39 Sears stores, will occur in early April.

## **Automotive Training Expo**

The 2018 Automotive Training Expo (ATE) returns to the Double Tree Hotel across from Sea Tac International Airport for three days of intensive management and technical training classes.

ATE will offer more than 60 training classes, many oriented for shop owners, managers, service advisors, and office personnel, plus dozens of mechanical seminars for technicians.

'The March event has become the West Coast's premier automotive training event for repair facilities of all types, automotive students, high school and college automotive instructors, and other because of the quality and timeliness of classes offered," said Jeff Lovell, president and executive director of ASA Northwest.

ASA/ATE recently announced that they are sold out and over 600 attendees will be attending the training classes.

# **ATS Training**

Certified Automotive Tire Service (ATS) is a 300 and 400-level certification program that provides a in-depth and comprehensive instruction on the recommended procedures for servicing modern automobiles and light trucks.

Certified ATS is designed for the professional passenger and light truck tire technician so the subjects range from the relationship between torque and clamping force to the TPMS relearn procedures on domestic and import vehicles.

Certified ATS also includes and exclusive module on Tire Conditions Analysis that uses images from TIA's Passenger and Light Truck Tire Conditions Manual.

This 18 Module Tire Industry training program is now available in an 8 hour training program here in the Northwest. Contact the NWTDA office for more information on this training program at 509-948-2433.







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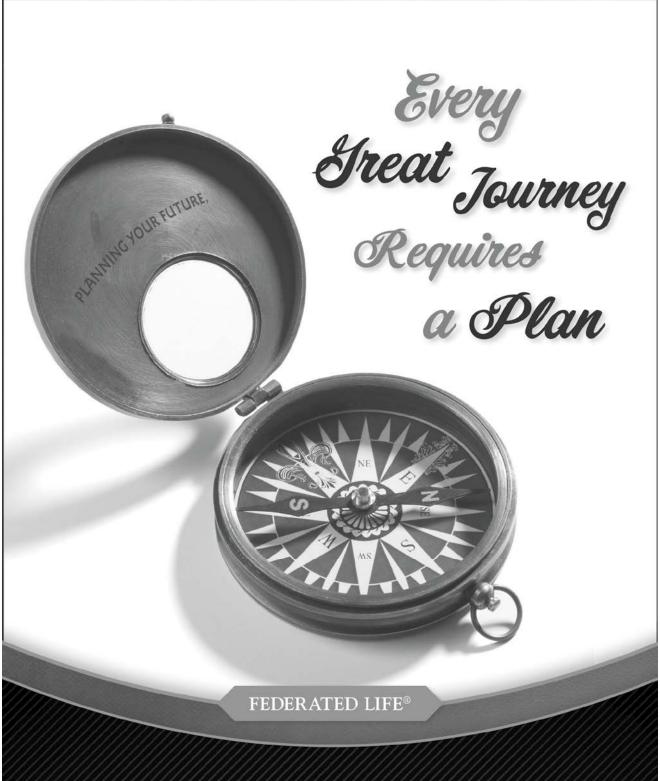
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