

The Legacy of Manny, Moe and Jack

**An Interview with Michael R. Odell,
Director, President, and Chief Executive Officer, Pep Boys**

EDITORS' NOTE *Mike Odell has been the Chief Executive Officer since September 2008 and was designated with the additional title of President in June 2010. He joined Pep Boys in September 2007 as Executive Vice President and Chief Operating Officer after having most recently served as the Executive Vice President and General Manager of Sears Retail & Specialty Stores. Odell joined Sears in its finance department in 1994 and served there until he joined Sears operations team in 1998 serving in various executive operations positions.*



Michael R. Odell

COMPANY BRIEF *Pep Boys (www.pepboys.com) has been the nation's leading automotive after-market chain since 1921. With more than 7,000 service bays in 735 locations in 35 states and Puerto Rico, Pep Boys offers name-brand tires; automotive maintenance and repair; parts and expert advice for the Do-It-Yourselfer; commercial auto parts delivery; and fleet maintenance and repair.*

What makes the Pep Boys brand so special and how have you led within the industry?

It is the legacy of Manny, Moe and Jack that we harken back to – the fact that we've been doing this for 90 years. The first objective that drives us is earning the trust of our customers every day, because that is why people come to see us and come back. The key element in creating that trust is our people, which is why our second objective is being the preferred employer in the automotive aftermarket. Part of achieving that is our pay, which is competitive; part of it is benefits, where we strive to be the leader in terms of health care; but part of it is also making sure our folks are trained, certified, have the right equipment, have access to the right tools, and a number of other programs we have available for our associates. The other part of being a preferred employer is how we treat our people on a daily basis, which becomes a good proxy for how they'll end up treating our customers.

How do you continue to leverage the legacy while focusing on the brand's evolution and what it needs to be today?

Manny, Moe and Jack stood for taking care of customers and providing a great value

for them, so the things they stood for when they started the company are still relevant today.

We have been investing more heavily in technology over the past few years. One of our high-level tactics is to make it easier for our associates to be successful with our customers and we use technology as a way to achieve that.

Where do you see the best opportunities for additional expansion?

We have plenty of room for growth. We have opened over 160 new stores over the past two years. Across

the U.S., we're in 35 states and Puerto Rico. One of our issues has been that we're too spread out and don't have sufficient density in many of our markets. So it's not necessarily opening new markets as much as filling in the markets where we currently exist.

How have the service offerings evolved and are you bringing on new offerings today?

We are one of the few national full-service players, so that makes it tough to bring on new services except as vehicles evolve. We're prepared to handle hybrid technologies; we're prepared to install electronics that we sell on our retail floor and all cars are run by computers so when that check engine light comes on, we have the advanced diagnostic equipment to evaluate and fix the problem and the same thing goes for tire pressure monitoring systems. We're at the front end of the curve now in terms of handling anything that could go wrong with a car.

Does the reliance on technology simplify what needs to be done or make it more complex?

It's tougher to work on vehicles, which is why fewer people do it themselves. Most people rely on somebody to help them, which is why we invest in training and equipment for our people so they're prepared for that complexity.

Were you confident the U.S. automakers would survive the recession and is the necessary innovation taking place to enable the U.S. to remain competitive in the auto industry?

I never knew who might survive or how they would, but regardless of who the manufacturers are, it's going to continue to be less expensive to have those vehicles assembled in the U.S., even if it is a foreign brand.

How engaged have you been in the communities where your stores are based and how important has that been culturally?

Our business is a local business, wherever we are. Trade areas for our stores are frequently three to five miles. We hire our associates from within that same trade area or neighborhood. We reflect the people of those communities. Every time we open a new store, we're adding new jobs to that community.

How have you maintained a seamless experience for customers across all stores?

It's difficult because it begins with everybody having a common vision: to be the automotive solution's provider of choice for the value-oriented customer.

We have standardized training programs, online training, our own trainers for hands-on training, and a standardized curriculum and operating procedures for all of our stores, as well as the same tools and equipment. The variable becomes how we're able to hire the right people and bring them into our culture.

What initially excited you about leading this organization and how did you focus your efforts?

Pep Boys was not in good shape – it had been at break-even profitability for about 12 years and there was some risk of Pep Boys not surviving.

It was about deciding on our vision, articulating that vision, and building our strategies and tactics to support that vision. It is hard to get anything done if you don't know where you want to go. Once you have figured out where you want to go, it's just mapping it out.

Were the people receptive to change and did they come onboard quickly?

It was tough, but the economic world was falling apart around us. So we broke it into three phases: we called year one the year of disruptive change – those were the changes that were not necessarily going to be positive, but things we needed to change to set the base; the second year was one of positive change, which was letting people know that we still need to change to get better, but these were the changes people had been asking us to do; and the third year was about optimization and execution, and becoming consistent in our performance.

Three to five years out, what are your key priorities to make sure the success continues?

Our objective is to become the market share leader in automotive aftermarket service. ●