

Automotive News

Dealer group stresses minority opportunity

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Capital. Clout. Connections.

A new private dealership group that aspires to become one of the country's largest minority-owned auto retailers appears to have all three advantages in abundance.

The principals of the RLJ-McLarty-Landers Automotive Partnership are Robert Johnson, the billionaire founder of Black Entertainment Television; former Clinton White House chief of staff Mack McLarty; and Arkansas dealer Steve Landers.

McLarty and Landers are contributing their 10-dealership group to the partnership, announced last week. For his 60 percent stake in the company, Johnson, a newcomer to auto retailing, is putting up an undisclosed amount of cash.

The 10 dealerships have annual revenue of about \$400 million. Landers would not disclose their unit sales. The partnership wants to add 10 dealerships and boost yearly revenue to \$1 billion within five years.

In an interview last week, McLarty said he expects to combine his and Landers' experience as dealers with "Bob's visionary view and a commitment of capital to become one of the premier groups in the country."

"The minority aspect is a unique element, and we're committed to that," said McLarty, a third-generation dealer. "It has the ingredients for a very successful venture."

Johnson said a priority of the new company will be recruiting and training minority entrepreneurs to manage dealerships. Such experience will put those managers in a better position to raise capital to buy their own dealerships, he said.

"Ownership promoter"

"There will be people who work with us who will, after three to five years of doing this, feel that they want to be owners," Johnson told *Automotive News*. "I'm certainly an ownership promoter. I firmly believe in people owning in this country, as opposed to constantly being an employee."

Sheldon Sandler, managing director of Bel Air Partners LLC, a consulting firm that brokers dealership sales, said the new venture "has one of the best combinations of resources and talent I've heard about.

"They're coming with what's necessary to be a player" and acquire top-tier dealerships, Sandler said.

Black dealers have endured hard times in recent years. Between 2001 and 2006, the number of Ford Motor Co. dealerships owned by black entrepreneurs plunged 28.1 percent, to 182 stores. General Motors has created a panel headed by GM North America President Troy Clarke to study attrition among its black dealers.

Damon Lester, president of the National Association of Minority Automobile Dealers, said Johnson has expressed interest in allowing minority managers to gain small equity stakes in some of the new partnership's stores.

"He wants to increase the pipeline and use NAMAD as a conduit," Lester said.

NAMAD Chairman Desmond Roberts, dealer principal at Advantage Automotive Group in Chicago, said Johnson's track record in other industries shows "he has really been a pioneer in involving minorities."

McLarty, a former CEO of the natural gas company Arkla Inc., was President Bill Clinton's chief of staff from 1993 to 1994. He also was a presidential counselor and special envoy for the Americas before he left the administration in 1998.

Ron Brown, a commerce secretary under Clinton, introduced McLarty to Johnson about 15 years ago.

Big deal

The new RLJ-McLarty-Landers Automotive Partnership wants to become one of the largest minority-owned dealership groups in the country.

- ♣ **Principals:** Robert Johnson, founder of Black Entertainment Television; Mack McLarty, former Clinton White House chief of staff; Arkansas dealer Steve Landers
- ♣ **Dealerships:** 10, with annual revenue of about \$400 million
- ♣ **Business strategy:** Double number of dealerships and boost annual revenue to \$1 billion within 5 years; train and give ownership stakes to minority dealership managers who want to be dealers

Family-owned dealerships

In 1999, McLarty sold his group of nine dealerships in Arkansas and Texas to the publicly traded Asbury Automotive Group. His family had owned three of the dealerships for at least 50 years. McLarty was vice chairman of Asbury's board of directors from 1999 until 2005.

McLarty and Landers became partners in 2004. The 10 dealerships they own are in Arkansas, Kansas, Missouri, Louisiana and Tennessee. Those stores sell Chrysler, Dodge, Jeep, Ford, Nissan, Toyota and Scion vehicles.

McLarty said the new partnership's acquisition strategy "depends on the size of the dealerships and whether it's groups or individual dealerships," he said. "We've got the capital to carefully grow."

Before he teamed with McLarty, Landers owned a four-dealership group that he sold to UnitedAuto Group Inc. in 1995. He was president of UnitedAuto's south central region from 1998 until 2003, overseeing the public retailer's acquisition of 21 dealerships. UnitedAuto now is named Penske Automotive Group after its CEO, Roger Penske.

"I worked with Penske and Mack worked with Asbury," Landers said in an interview. "We got acquainted with the people who run the car deals. We know what they want. They know us and we know them."

The new dealership group is based in Little Rock, Ark. Johnson, 61, is chairman and McLarty, 61, vice chairman. Landers, 54, is president and will oversee daily operations.