

Megadealer Mack McLarty Practices Fine Art of Politics, Business

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McLarty visits dealerships regularly.

A native of Hope, AR, and boyhood friend of former President Bill Clinton, Thomas F. “Mack” McLarty found himself at an early age drawn to dual careers: politics and the auto business.

After serving as University of Arkansas student body president, at age 23 in 1969 he became the youngest person to run for, and win, a seat in the Arkansas state legislature. He became chairman of the Democratic Party of Arkansas at 30 and worked on the gubernatorial campaigns of former Arkansas Gov. David Pryor and Bill Clinton.

He served as chief of staff (aka “chief javelin catcher”) and counselor to the president in the Clinton White House and as a governor of the St. Louis Federal Reserve Board.

McLarty also is a third-generation car dealer, tracing those roots back to a family [Ford](#) dealership that opened in Hope 93 years ago.

Today, as vice chairman and co-owner of RLJ-McLarty-Landers Automotive Holdings, based in Little Rock, McLarty oversees 34 car dealerships and three Harley-Davidson outlets in eight states.

The group is No.28 on the *2014 WardsAuto Megadealer 100*, with total unit sales of 54,960 and \$1.28 billion in revenue.

With his sons, he also is involved with other dealership ventures, including operations in China, Mexico and Brazil.

McLarty joined the family auto business in 1969, working primarily in leasing. The company merged its leasing operations with Leaseway Transportation in 1978 and McLarty became an officer, responsible for Leaseway’s southern region.

In 1979, the McLarty Companies bought the assets of Ward Industries, one of the nation’s largest school bus manufacturers, and returned the company to profitability.

McLarty partnered with former competitor Steve Landers in 2004 to create a dealership group with 12 dealerships.

A partnership deal was inked in 2008 between McLarty-Landers and Robert L. Johnson, the founder of Black Entertainment Television and chairman of RLJ Companies, to create RLJ-McLarty-Landers Automotive Holdings. The partnership structure called for McLarty-Landers to contribute the dealerships and for Johnson to contribute capital.

The company today ranks as the country’s largest minority-owned dealer group.

“Bob and his team have been superb partners,” McLarty says, noting that former Commerce Secretary Ron Brown introduced them in 1992. “I have a lot of respect for Bob and his team. It’s been a real privilege to build something with a partner that you like and trust and, frankly, enjoy working with.”

Johnson feels likewise.

“I have always admired Mack’s commitment as a public servant on behalf of the U.S. government and his understanding of the role of business in creating opportunities for all Americans,” he says.

“When he approached me about partnering with him, I quickly agreed because I knew of his family history in the dealership business and I knew he shared my values that minority Americans deserved an opportunity to be a part of the economics of the automobile dealership industry. It was a perfect fit for me as an entrepreneur and a longtime friend of Mack McLarty.”

The RLJ Companies also owns or holds interests in banking, private equity, real estate, hospitality, professional sports, film production and gaming.

Both of McLarty’s career paths have taken an international direction.

His son, Mark, founded and leads McLarty Transportation Global, which comprises Yanjun Auto Group, a leading **BMW** dealer in China; Caltibiano McLarty Group, the top **Toyota** dealer in Brazil; and Jaguar Land Rover importer GDV Imports in Mexico.

Following a 10-year partnership with former Secretary of State Henry Kissinger, McLarty opened his own international strategic advisory firm. “We have kind of a private-sector State Department here where we advise major multinational companies how to approach their business around the world,” he says. “The OEMs are truly global companies, so my firm here is a nice fit.”

WardsAuto spoke by phone to McLarty from his Washington office.

WardsAuto: Talk about the history of the McLarty dealer business.

McLarty: My grandfather, Tom McLarty, established a **Ford** dealership in Hope, Arkansas in 1921 with a group of shareholders that owned one of the two banks in town. He was general manager and managing partner of the dealership.

My father was right out of Tom Brokaw’s book, *The Greatest Generation*. He served in WWII as a captain. He came back to Hope and acquired the dealership in 1954. He liked to say he mortgaged his house, his shotgun and all his wherewithal to buy a Ford dealership. He paid it back in about 18 months.

He was a typical entrepreneur, a great car guy, tremendous people person, great with customers. He built the business and acquired a Ford dealership in Texarkana, TX, which we thought was a very long step, even though it was only 30 miles (48 km) from Hope.

Earliest Dealership Jobs

WardsAuto: What were your earliest jobs in the dealership?

McLarty: I’m not sure my grandfather would give me the title of a true “car man” because I came up through the leasing side, but I had so much exposure to the dealership. I worked there during the summers in the service and parts departments.

I still hold a few records for greasing heavy-duty trucks. I gained a great admiration and respect for the people who worked in our maintenance operations because they could tear these big diesel engines down and put them back together.

I traveled with some of our salespeople during my time in college and high school. It gave a real perspective of treating every customer like he or she is the most important customer in the world.

WardsAuto: Your father was an early pioneer in the leasing business?

McLarty: He got involved in the truck-leasing business, which was unusual for a car dealer, when the poultry industry came to Arkansas (the country’s largest poultry-producing state).

He developed an innovative incentive plan where both the lessor and the lessee had an incentive to reduce costs and give good service. After graduating from the University of Arkansas, I came back to the family business and worked primarily in the leasing company. We built that to be one of the largest truck lessors in the country in the 1970s. We were integrated, we bought all the trucks and most of the parts from our dealerships and then we leased the vehicles to companies like Tyson Foods and Arkansas Power and Light.

We built the leasing company up and I sold it to Leaseway Transportation, a New York Stock Exchange company. It was the right move because, unlike a dealership, a leasing company had national competition and it minimized our risk.

During that period we also bought the Ward School Bus Company out of bankruptcy with two other investors. We saved about 1,200 jobs in the process and later sold it to Navistar.

WardsAuto: Talk about your relationship with Lee Iacocca.

McLarty: My late father was on the Ford Dealer Council with Iacocca when Lee was Ford's vice president of marketing. I met him on a trip I took to Detroit with my father.

As we began to build our leasing company, Lee was very supportive of our family and me in terms of our relationship with Ford and Ford Motor Credit. We were one of the largest purchasers of Ford trucks at the time.

(When I was working at the White House), we determined Lee would be a great ally and spokesman for the North American Free Trade Agreement. I called Lee and got him in touch with President Clinton, and he was instrumental. I have great admiration for Lee. How could you not if you had been a Ford dealer since 1921 and he was the fellow who developed the Mustang and had such a flair for business?

WardsAuto: What was the rationale behind your merger with the Asbury Automotive Group?

McLarty: Our family dealerships were under the name McLarty Companies and the brand name was North Point Automotive Group. We merged those with Asbury in 1999.

We looked hard at that. It was a very hard decision, because we had very strong dealerships and financial position. But the industry was changing, the public consolidators were on the horizon and a lot of fellow dealers that we had great respect for were merging their entities with some of the other public companies. You didn't want to be the last person there when the music stopped.

Asbury was appealing to us in the fact that we could merge our stores and still have an upside in the public offering. I became vice chairman and served in the board. It was a very positive experience.

Expanding Into China, Brazil

WardsAuto: You have been very aggressive about growing your presence in global markets. How did that come about?

McLarty: After our older son Mark graduated from Georgetown and got his MBA at Wharton, and came back into the family business. He was totally the visionary on the international markets.

He had lived and worked in Brazil when he was 18 before he went to Georgetown. We were fortunate to be able to partner with the Caltabiano family in Brazil. Mark then spotted the asset in China and put together a financial group to acquire it from Citigroup.

He later merged that with a public Chinese consolidator. He's still advising them. He also identified the Jaguar Land Rover distributorship in Mexico and we acquired that from the company. Mark is the chairman. He's really been at the forefront as founder and visionary of the international side.

WardsAuto: You've been deeply involved in politics as well as business from a young age.

McLarty: I ran for state representative right out of college and won. (After one term,) I returned to Hope. We had our first son Mark and our business was growing, so I had to make a decision about which route to take. I stayed involved in the political process as treasurer of David Pryor's and in Bill Clinton's gubernatorial campaigns in 1974 and 1978. I was on the national Democratic Committee when Jimmy Carter was in office.

I was a centrist Democrat and had helped found the New Democratic Movement with (former Georgia Sen.) Sam Nunn and Clinton and others in the 1980s.

I'm a strong believer in bipartisanship and the "vital center," reaching a consensus where you can to move things forward, which is certainly not what we have in Washington today. I never worked for Gov. Clinton. I was more of a "kitchen cabinet" member. So I was surprised when he asked me to serve as presidential chief of staff.

I took a deep breath and talked to my wife and sons, who were all very understanding and supportive. It's virtually impossible to tell a president-elect of the United States who's asking for your help and support that you won't help him serve the country, particularly when he's the governor of your home state, a long-time friend and someone who shares your political philosophy. "No" is just not the right answer.

WardsAuto: How did you balance your responsibilities in government and your other business enterprises with those of your automobile business?

McLarty: I've primarily been a businessman. During my Arkla days (McLarty served as chairman and CEO of Arkla, a natural gas distribution company), we kept and expanded our dealerships and we had great general manager partners.

They owned a meaningful piece of each of the dealerships and we built that up to be the largest dealer group in Arkansas with revenues of a little over half a billion dollars in the 1980s and early 1990s. We had a very capable chief financial officer who oversaw the financial workings of the stores. I provided strategic direction. I was very careful to separate any of our family business from Arkla.

When I went to the White House I put everything in a management trust.

Differences Between Politics, Business

WardsAuto: How did your government experience help in your business life, and vice versa?

McLarty: After 12 years of the other party being in office, you've got to get a team in place. My business experience was directly applicable to that. You have to get a Cabinet and other appointees in place, you have to develop your agenda, reach out to Congress and establish a relationship with the press in Washington and world leaders.

Government is different from a business. It may surprise you, but the actual decision-making process is much more accelerated in the White House than in the private sector.

When you're in the White House, the story takes over and you're forced to make decisions sometimes faster than you otherwise might. In my experience with...our private endeavors, that decision process can be a little more deliberate, which is preferable when you can do it.

It still goes back to people, accountability, treating other people with respect and trust, and frankly, candor. You always want to reach an agreement and common ground. My business experience was relevant and most helpful in dealing with other leaders from around the world as well as members of Congress.

WardsAuto: How involved are you with your dealerships today?

McLarty: I visit the dealerships regularly. Nothing replaces a walk through a showroom or service department or meeting with a customer or staying in touch with a banker or OEM. That's part of the job. I kid our sons that they have mastered the art of upward delegation. They're pretty good at asking me to be supportive when it's called for.

I found a lot of joy in the business and building things and giving people opportunity and, most important, a kind of a (Wal-Mart founder) Sam Walton rule for serving customers. I really enjoy the engagement and I feel a fiduciary responsibility to our partners.

WardsAuto: How do you communicate your standards and beliefs to your people?

McLarty: In our U.S. stores, our son Franklin is CEO and he really is the hands-on guy. I follow their lead so that allows me to pick places where I get engaged in. On the international side, Mark is the founder of those entities and he does most of the international travel.

You try to build a culture on integrity, excellence and customer relations. We try to practice what we preach. It goes back to treating people fairly and supporting them, but also holding them accountable. Be sure you're aligned with your people, certainly your general managers and partners.

Company Profile:RLJ-McLarty-Landers Automotive

Headquarters: Little Rock, AR

Principals: Robert Johnson; Steve Landers and Thomas McLarty

Number of stores: 34

Vehicle sales: 23,381 new, 16,583 used.

Total revenues: \$1.27 billion

2014 WardsAuto Megadealer 100 ranking: No.28