



insights into founding and growing innovative companies



Brothers and business partners Drew (left) and Del Mugford, in Richmond, Virginia

## Secrets of SUCCESS Royal Chevrolet

- 1 Have a solid, well-thought-out business model.
- 2 Surround yourself with successful people who share your vision.
- 3 Value your employees and they will value your customers, leading to success.

## DRIVEN TO SUCCEED Moving cars in challenging times

**You can get** just about anything at a big home improvement store these days—but a sporty car or an SUV? Really?

Well, yes, if it's a Chevy Camaro or Tahoe you're after and you happen to be in the Richmond, Virginia, area—home of Royal Chevrolet ([royalva.com](http://royalva.com)). Of course, Royal is not really a home improvement store, at least not anymore. But it was once, and it was the creativity of Royal's owners that turned this former Lowe's outlet into a car dealership with a 25,000-square-foot showroom. That makes shopping for a new car on a rainy day a lot more fun for customers.

**“Quality and service are paramount in our industry. *Service is the backbone of our business and the key to customer loyalty.*”**

The Mugford brothers, Del and Drew, purchased the business, originally an Oldsmobile dealership, from their father and brother in 2006. Del had come on board in the late '80s, and Drew joined the business in 1990. “We worked our way into management from the ground up,” Del recalls. When GM announced the future shutdown of Oldsmobile in 2000, the family-owned business began looking for other opportunities, ultimately purchasing a Chevrolet franchise in 2002.

Automobile retailing is a competitive business, and in today's environment franchisors (the car manufacturers) set a high bar with the demands they place on dealers, especially when it comes to facilities. “That's one of the biggest challenges we face,” Drew says. “These demands can require a great deal of capital investment, and it can be frustrating. However, you have to learn to find a positive in the changes and move forward.”

The Mugford brothers share a belief that you cannot be an entrepreneur without creativity and vision, and they harnessed their own in converting the former Lowe's store into a state-of-the-art Chevy dealership. “In our case, we had limited options concerning available real estate for a car dealership,” Del says. “The Lowe's store did not seem like a great building to house a dealership, but it was really our only option. Thankfully, we were able to gather a team capable of envisioning a way to make the facility a highly functioning dealership.”

That speaks to the second major challenge the Mugfords face in keeping their business on the road to success: finding, hiring, and retaining the highest-quality employees. “I think it can be hard to attract good-quality people in any business. When you get them, you have to value them and treat them well,” Drew says. The owners of Royal Chevrolet go to great lengths to make sure their employees feel like

they are part of a family and know that the Mugfords sincerely care about them and their families. As a result, the dealership experiences very low employee turnover in most of its departments.

“We believe that the key to starting and running a business is to surround yourself with successful people who share the same goals and motivations you have,” Drew says. “For us, purchasing the Chevrolet franchise was like starting from scratch. Del interviewed all the current employees from the previous ownership to figure out which employees shared our vision.”

The Mugfords' efforts have been so successful on the planning front that Royal Chevrolet has grown from \$20 million in sales to \$40 million while its employee count has stayed relatively unchanged. They credit that increase in productivity to their focus on finding and keeping quality employees, as well as their policy of embracing productivity-boosting technological advances as they become available.

Looking to the future, the brothers rely on their Northwestern Mutual Financial Representative for help with succession planning, ensuring they have policies in place in case anything happens to one of them, and recognizing the value of using the policies as a possible retirement vehicle. Drew says, “Our representative has been an invaluable asset to help us prepare for the future and is a great person to bounce ideas off. He also has helped us understand our personal finances. We know we can call on him for his perspective on any financial transaction we might be considering.”

Adds Del, “An entrepreneur has to be able to create a business plan from the ground up and envision how the business will function and grow in the future. Needless to say, creating a long-term business plan requires a great deal of creativity.”





Jack Joseph at Muskingum Iron & Metal in Zanesville, Ohio

## Secrets of SUCCESS

Muskingum Iron & Metal Company

- 1 No business runs itself.
- 2 Don't confuse activity with accomplishment.
- 3 Enjoy your success, and don't take it for granted.

## NOTHING WASTED

Since 1929, adapting to changes in metal recycling

**Last year was** a good one for automobile dealers in the United States, with about 14.5 million new vehicles sold. That should mean good news down the road for Muskingum Iron & Metal Company (*scrapmetalzanesvilleohio.com*), which has specialized in processing and recycling ferrous and non-ferrous scrap metal since 1929. According to the NADA (National Automobile Dealers Association) 2012 State of the Industry report, for every new vehicle registered over the past three years, another one has been scrapped.

Today, Jack Joseph and his family run the

business started by his grandfather in 1929, the year of the Black Tuesday stock market crash that helped trigger the Great Depression. When the Depression started, Joseph's grandfather was in the scrap metal business with his two brothers in Connersville, Indiana. "The business couldn't support three families, so my grandfather, being the oldest, moved his family east to Zanesville, Ohio," he says—and that's where the company is headquartered today.

In its early years, the company also dealt in waste rags, waste paper, hides, and roots in

## “If you continue to do the same old things the same old way instead of trying to solve problems creatively, you are setting yourself up for failure.”

addition to scrap metal. “The business evolved into just metal in the late ’40s and early ’50s,” Joseph says. “They prepared scrap using axes and chisels. They would load scrap, by hand and using pole trucks, into trucks and railroad cars for shipment to steel mills and foundries.”

Joseph recalls his father telling stories about how they would fill rail cars back then, loading small dump trucks and backing them up a dirt ramp to dump their loads into the rail car. “He said on every third or fourth load, the entire dump truck would end up in the rail car, and they’d have to use the pole truck to get it out.”

Much has changed over the years. Today, Muskingum Iron & Metal purchases all kinds of ferrous and non-ferrous scrap metal, including automobiles, from both the general public and commercial and industrial customers. After segregating material by grade, the company packages it to meet mill furnace specifications. It’s all done at facilities that are environmentally friendly and staffed by employees who are responsible and responsive to customer needs. Unlike in the old days, almost none of the scrap is touched by hand.

“Today we use cranes, shears, balers, and choppers to sort and prepare the scrap to mill specifications,” Joseph explains. “This requires a tremendous amount of planning and capital expenditure. To be competitive, we not only have to be aware of the economy and commodity markets, but we also need to keep up with new equipment technology.”

Creativity plays a central role in those efforts. “Nothing stays the same; it either gets better or worse,” Joseph says. “If you continue to do the same old things the same old

way instead of trying to solve problems creatively, you are setting yourself up for failure.” For Muskingum, that means constantly looking to find new and better markets and new and better ways to sort and process scrap.

Creative solutions often provide big returns for Muskingum. For example, the company has long purchased and resold insulated copper wire. After investing in machinery that chops the wire into small pieces and removes the insulation, it can now sell the wire as a clean product at about double the price. Similarly, it had been buying aluminum copper radiators used in air conditioning units and selling them as-is into export markets for years. After investing in equipment to separate the two materials, it is now able to sell the aluminum and copper separately for a much higher price and into domestic markets, eliminating export-shipping charges. “We are always looking for creative ways to add value to our products,” Joseph says.

Among the greatest rewards Joseph receives from being a business owner are working with his family (a brother, son, and son-in-law) and being able to provide a nice profit-sharing plan for his employees. “We started that in the ’70s,” he says. “It makes me feel good to know they are provided for in that way.”

Northwestern Mutual has long played a role in Muskingum’s business and financial planning needs. “My dad always believed in life insurance,” Joseph says. “We’ve used the cash value of those policies as collateral for equipment loans over the years, and we’re using it now to fund buy-sell agreements with my son, my brother, and myself. We also have disability insurance for our key employees. We appreciate the products and the value they offer.”

**Michael J. McDermott** is a business journalist based in Carmel, New York. The business people profiled in this column are clients of Northwestern Mutual. If you know someone you think would make a good subject for Creative Business, please contact your Northwestern Mutual Financial Representative, whose contact information appears on the inside front cover.