

Automotive News

Huizenga transformed the dealer landscape

Bradford Wernle | 1:00 am, October 9, 2006

DETROIT -- The retail revolution that Wayne Huizenga launched never quite achieved his ambitious vision. But the Florida billionaire managed to change the American automobile dealership landscape forever anyway.

"He wasn't able to revolutionize distribution, but he was a smart enough guy to change the old convention that only private dealers could be successful running car dealerships," says Sheldon Sandler, managing director of Bel Air Partners LLC, an auto retailing consulting firm in Skillman, N.J.

'Babe Ruth of auto retailing'

"He did it in an ingenious way by collecting a tremendous number of assets for no money, just for stock," Sandler said. "That changed everyone's notion of how car dealerships could be valued. He's the Babe Ruth of auto retailing."

That comparison is appropriate, because Huizenga, 68, was inducted into the Automotive Hall of Fame here last week. He and his protege, Steve Berrard, rocked the auto industry when they opened AutoNation Inc.

Their company, Republic Industries Inc., founded AutoNation in 1996 as a used-car superstore chain to compete with rival CarMax.

"We abandoned that concept," said Huizenga, who resigned from the AutoNation board in 2003 but still owns stock.

He quickly recognized that more money could be made buying new-car dealerships. The last AutoNation megastore closed in 1999, and the company's new-car stores keep local market names.

Huizenga and Berrard built AutoNation into the nation's largest public dealer group, with 370 new-car franchises and 272 dealership locations. Along the way, they acquired some of the nation's largest dealerships.

AutoNation revenue totaled \$19.25 billion in 2005. The group sold 652,694 new vehicles last year. Other public dealership groups, such as UnitedAuto Group Inc. and Group 1 Automotive Inc., joined the acquisition frenzy that followed AutoNation's rise.

Huizenga began his rise to the billionaire ranks in the garbage business, with Waste Management Inc. Later, he made a national reputation as the founder of Blockbuster Video -- which, at its peak, opened a new store every 17 minutes.

Challenged skeptics

But the car business presented different challenges. Skeptics said industry outsiders Huizenga and Berrard failed to recognize that cars weren't a simple product like videotapes.

The men soon realized this.

"Obviously you can't open a new franchise like you can Blockbuster stores," Huizenga said.

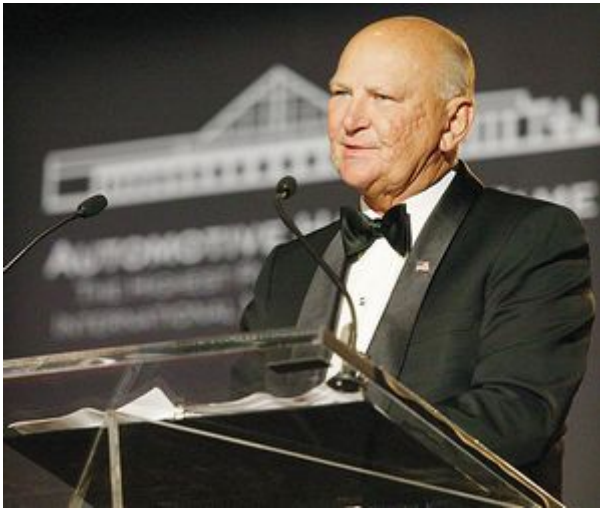
Said Mike Jackson, the man Huizenga hired to run the company he had built: "It did take an outsider to change perceptions that had been held for 100 years."

Tom Purves, CEO of BMW (US) Holding Corp., said Huizenga brought economies of scale to car retailing. When the used-car superstore model proved unsuccessful, Huizenga could "amend his direction with the full knowledge that this was something different he'd gotten into," Purves said.

Huizenga now manages real estate and hotel projects with Huizenga Holdings. He also owns the Miami Dolphins of the National Football League.

Huizenga much prefers launching businesses to running them once they're operating. That's why he handed control to Jackson.

He credits Jackson and Michael Maroone, AutoNation's COO, with realizing his vision of a customer-friendly experience: "They've tried to change the way the consumer buys a car," Huizenga said. "Instead of it being a poor experience, making it a great experience."



Wayne Huizenga was inducted into the Automotive Hall of Fame last week.

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