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Main Edition

All in the family: With the famous Nalley name carried on other dealerships, the fourth generation has branched out on its own

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Jim Nalley had to do it. Had to, in his mind, catch the wave that was propelling the auto retail industry in the late 1990s toward consolidation.

By lumping his cluster of nine metro Atlanta car and truck outlets with like-minded groups in a partnership called Asbury, Nalley would extend a safety net beneath the franchises that still would carry his name. The cherry on top: hometown jobs with Asbury for him and his three 20-something sons.

And yet ...

The transaction stipulated that Asbury was the new owner, thus inheriting the family name for business purposes.

Which meant the legacy of Nalleys lording over dealerships outright, dating to 1918, would end. Clay, Slater and Street would not be handed the keys to the car store from Jim --- as he had from his dad, and his grandfather from his great-grandfather.

"On some level, I guess [the sons] thought I had sold their birthright," Jim says.

That part of the sale, turns out, amounted to a loan. Three years after Asbury went public in 2002, Nalley walked away as CEO and retired. On the way out, he left the door cracked open for his boys to follow.

Slater and Street soon fled mid-management roles and, after Jim paired them with seasoned associates, took charge of their own stores. Clay, the eldest, who had positioned himself to someday oversee all Nalley locations for Asbury, was the lone holdout.

"I had the most to lose" by leaving, he says.

The tug of family ties proved irresistible, and Clay resigned last October. The ribbon recently was cut on a resurrected Nalley network, owned and operated by the fourth generation, that mushroomed to six outlets last month with the acquisition of four Hank Aaron dealerships.

Just don't look for their name on the signs out front.

Clay, 35, can peer out a window at his new workplace, Aaron's former BMW depot off I-85 south in Union City, and see N-A-L-L-E-Y in large letters ... across the street.

They hang from a Honda dealership he once helped run. Cars with temporary Nalley tags, none of which contain his fingerprints, whiz past in droves.

Attached no longer

The siblings have come to terms over no longer being associated with the 10 dealerships that still bear their name. They even remain supportive.

Street schedules service appointments there for former customers. Slater, as part of his sales pitch, unspools a prepared tale to shoppers confused by a Nalley selling non-Nalley vehicles.

The brothers jokingly refer to themselves as the auto dealers' version of The Artist Formerly Known As Prince.

Breaking away from Asbury to form a joint venture, they envisioned a company name that would include their own. Nalley Bros., perhaps.

"We thought [Asbury] would object," says Jim, their adviser. "They did."

The Nalleys discussed legal recourse. But Jim remains connected with the company --- the fifth-largest publicly traded in the sector, with 114 franchises nationwide --- as chairman, a part-time role, and major stockholder.

Besides, Clay says, explaining why they ruled out a lawsuit, "It was time to start a new chapter."

'Chance to build fresh'

At one of their monthly, guys-night-out dinners to discuss business, Nalley pere and fils chewed on naming options. Jim scribbled out Sons Auto Group, a choice that seemed cosmic when he noticed the letters in Sons matched the last initials of the boys' grandparents.

"Now," Street says, "we had the chance to build fresh."

Jim remembers his late father as "very strict," which he illustrates, as any Nalley would, within the context of cars.

As Jim's teenage friends had their own rides, the kid whose dad owned thriving Nalley Chevrolet was not allowed behind the wheel until later. Then, only to drive a run-down sedan.

Though they made peace in later years, their relationship was prickly enough, Jim recalls. "We wouldn't have gotten along in a business together. It sure as heck wasn't all his fault, either."

Jim did sign on at around age 20 at the Chevy store, with his father's general manager serving as mentor and buffer. Eleven years later, some intense father/son negotiations resulted in Jim assuming ownership.

Jim's wife, Rene, looks back on her father-in-law as "tough on Jim. He didn't give Jim any slack."

Drawing from those experiences, Jim presented his teenagers with stylish, if used, pickup trucks, on one condition: Misbehave or mess up in school, and you trade it in for the family junkmobile, a decrepit Blazer. (A repeat offense reduced the guilty party to bicycle mode.)

"What Dad didn't know," says Street, 30, laughing, "is that Blazer was so beat-up, it was cool. It made me more popular --- a shot in the arm for my social life."

Child-rearing aside, some Nalley traditions rarely, if ever, change.

* The first-born male in each generation is christened Clarence Vaughan --- C.V., for short --- going back to the patriarch of the family car empire. (Jim was an exception at first, named James Overstreet, but his father converted it to C.V. --- another source of conflict between the two. Still, Clay's birth certificate reads Clarence Vaughan.)

* Nalley males grow up to become car dealers.

But not, Jim avows, by mandate: "I know I've never placed any obligation" on his offspring.

When Street voiced interest in real estate, Jim offered to help. (Whether he was eager to assist with Street's other career affection, fly-fishing guide, is less likely.)

The boys, growing up, spent weekends and summers pitching in at the stores, changing oil, rebuilding engines, test-driving.

"I was enthralled by it," Slater, 34, says.

Humble beginnings

Fresh out of college, they would be sent by Jim to initiation jobs outside their comfort zone at non-Nalley dealerships. The strategy was second-guessed --- "Don't you have any openings here?" Slater wondered --- but all later understood why.

"My dad didn't want anyone to say, 'They got special treatment because they're the owner's sons,'"
" Clay says.

All three were in their early 20s when auto retailers became smitten with the conglomerate concept. Parking diverse dealerships under one umbrella offered protection against rainy days for individual segments, allowed for flexibility with staff and ideally curbed expenses. Even now, General Motors is eager to combine Buick, Pontiac and GMC dealerships.

With Asbury, Jim made one stipulation: that his sons be allowed to branch out on their own.

The escape clause was exercised when the Nalleys, all of them, noticed their enthusiasm with a public firm flagging, each vaguely referring to a different direction taken by Asbury. Thus began Sons Auto, whose sudden growth has roots in Jim's longtime relationship with one of Atlanta's famed swingers.

Aaron had a Chevy

Between long drives slugged at Atlanta-Fulton County Stadium, Hank Aaron drove a Chevy, bought at the Nalley's on Stewart Avenue.

Aaron plunged into business after retiring from baseball and, intrigued by auto dealerships, sought Jim's counsel. The Hank Aaron Automotive Group was assembled in 1999, and ultimately had seven shops.

Nearly two years ago, Aaron began sending out signals that the pieces were for sale. Jim, with sons in mind, raised his hand.

"They are fabulous franchises," Jim says, "among the most desirable in today's world."

Rival offers were tendered. The bidding, Jim says, boiled down to him and two public companies. One was Asbury Automotive Group.

"They made it hard on me," Jim says, pulling out a calculator and estimating the package's price at \$75 million.

Aaron retains a Toyota outlet, for now. Asked about the prospects of prying it away, Jim says, "We sure hope so."

That would load up Sons with seven franchises in its short life span --- not counting Jackson Acura of Roswell, owned 49 percent by the Nalleys and 51 percent by Harvey Jackson. Their two Suzuki stores, with partner Tim Barnett, in Buford and Conyers have scratched the top 10 nationwide in monthly sales.

The three young'uns had no intention to expand so rapidly. "But we knew that, in the near future, it would be near-impossible to make acquisitions of that size in Atlanta," Street says. "Maybe ever again."

Avoiding conflicts

The Nalleys have conquered steep odds. Of family business start-ups, only about 3 percent survive into a fourth generation, figures Joe Astrachan. He is director of the Cox Family Enterprise Center (part of Cox Enterprises, which owns the Journal-Constitution) based at Kennesaw State University.

"The biggest challenge is keeping the family unified," Astrachan says. "Doing it in a way that doesn't [result in] future conflicts."

Proper communication, too, is critical, he adds, assuring that partners stay on the same page without interference from personal matters.

The trio benefits from working at separate locations, thus limiting face time. It's a blessing, Street says, "since we're type-A-plus personalities."

Childhood squabbles

For brothers whose childhoods were marked by typical domestic scrapes and squabbles, assembling daily under the same roof might breed incompatibility.

Retelling accounts of their fighting "would curl your hair," mom Rene says. "They could have tested the devil, and they did."

Those monthly dinner meetings are now supplemented by weekly conference calls and, minus Jim, daily text messaging.

"It's fantastic," he says. "We have got to be the two luckiest parents in captivity."

"Fabulous," Rene echoes. "All they've known is cars and trucks. This is a much better situation [than with Asbury]. This is what they ultimately wanted."

Ramping up the excitement is the recent arrival of their second grandson, courtesy of Clay and wife, and the imminent birth of Slater's first child.

The long-standing family name Clarence Vaughan, or C.V., is already taken --- by the first grandchild, Clay's 3-year-old --- thus extending one family tradition into the fifth generation.

Jim endeavors to alter another custom. His father was not the sort to tell him, "Well done, son." Much later, Jim learned from others that his father admired the son's career achievements, but Jim never heard it directly.

"I'm sorry that [her father-in-law] did not have the same relationship with Jim that he has with the boys," Rene says. "Jim does tell them they're doing a good job."

THE FRANCHISES

* Star Suzuki, Conyers and Buford; Hank Aaron BMW and Mini, Union City; Hank Aaron Honda and Hyundai in Griffin, both moving to McDonough. Attempting to acquire Hank Aaron Toyota in McDonough. Owns minority stake in Jackson Acura, Roswell. (Union City site will be renamed BMW/Mini of South Atlanta; others will be renamed Sons.).

THE PRINCIPALS

Jim Nalley, father

Clay Nalley, 35

Slater Nalley, 34

Street Nalley, 30

NALLEY FAMILY HISTORY

* 1918: C.V. Nalley Sr. begins distributing Dodge vehicles in Gainesville after trading his horse and buggy for a car.

* 1936: C.V. Nalley Jr. graduates from college, joins father's business.

* 1955: Nalley Jr. breaks into Atlanta, acquires Chevrolet store on Stewart Avenue.

* 1971: C.V. "Jim" Nalley III opens small trucking franchise on Moreland Avenue.

* 1973: Truck dealership leads the nation in volume of sales.

* 1977: Nalley III buys Chevy and Honda dealerships from his father.

* 1986: Nalley III awarded first Acura franchise in Atlanta.

* 1989: Nalley III awarded first Lexus franchise in Atlanta.

* 1997: Nalley III exchanges interest in nine metro Atlanta franchises, forming partnership called Asbury Ltd. with other dealers, while maintaining two stand-alone stores. He and three sons employed by Asbury.

* 2002: Asbury Automotive Group becomes public company.

* 2005: Nalley III retires as CEO of Asbury; younger sons Slater and Street depart to run their own stores.

* 2006: Oldest son Clay departs Asbury, joins brothers to form Sons Auto Group.

* 2007: Sons Auto Group acquires four Hank Aaron franchises, increasing its number of franchises to six, with minority interest in a seventh store.

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GRAPHIC: Photo: W.A. BRIDGES JR. / StaffJim Nalley visits with sons (from left) Street, Clay and Slater at the Union City BMW dealership purchased from baseball legend Hank Aaron./ImageData* ImageData*

Photo: W.A. BRIDGES JR. / StaffJim Nalley, father/ImageData* ImageData*

Photo: W.A. BRIDGES JR. / StaffClay Nalley, 35/ImageData* ImageData*

Photo: W.A. BRIDGES JR. / StaffSlater Nalley, 34/ImageData* ImageData*

Photo: W.A. BRIDGES JR. / StaffStreet Nalley, 30/ImageData*

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