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Gasoline Marketing[®]

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Richard Salinsky, president

THE "BEST" IS YET TO COME

With some stores as small as 400 square feet, Best Petroleum has perfected the art of maximizing premium New England real estate.

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Forward-Looking Marketer Turns Defense into "Best" Offense

M A R K E T E R P R O F I L E

Once an award-winning defensive nose guard for his conference championship high school football team, the gasoline marketing junior executive was used to dealing with hard knocks.

In February, 1972, he had been a vice president of one of New England's largest independent gasoline marketing companies. Now it was March,

and he and his new partner—both fired in a corporate takeover—were tooling toward an appointment at a Rhode Island gas station that might offer a new start.

The former executives took the old road, not the interstate, so they could scout other prospective sites along the way. In Boston's outer suburbs the pair spotted one—not a gas station, re-

BY GREGORY DENT



Key players in Best's team-oriented business philosophy are (left) Gregory Ehrlich, VP/operations, and (center) Gerald Herman, VP/finance, shown here with Salinsky at Best's Cambridge store.

Living testimony to "survival of the fittest," Best Petroleum President Richard Salinsky has overcome corporate takeovers, the Arab oil embargo, and the financial demands of environmental compliance.

Emphasizing a team approach to decision-making, Best now sees more creative solutions to problems and a decline in employee turnover.

Following a long, intentional freeze on growth, Best is now actively seeking new locations and customers and expects to expand company-operated locations by 20 percent and double the count of its dealer locations.

With some stores as small as 400 square feet, Best has perfected the art of maximizing premium New England real estate.

With a model employee education program called "exemplary" by the local board of health, Best is committed to cutting down cigarette sales to minors.

ally; just a roadside shack in the snow. But it had three pipes coming off the side of the building, the telltale sign of storage tanks below.

Former pump-jockey **Richard Salinsky** pulled in for a closer look. A stubby canopy stretched from the roof of the 20-by-20-foot building, across an abandoned single fueling lane to a couple of pillars that sank into the ankle-deep snow around the lone island. There was a little for-lease sign and a phone number—no pumps, no signs, no lights, and no second island.

While the partners knew how to run and control gas stations, they knew nothing about how to negotiate a lease or such details as how much space to allow between pumps. But with the help of a friendly pump-and-tank man and the benefit of two \$5,000 redirected home-improvement loans, they were in business.

At first, the pair set up barrels that simulated the future location of the pumps and second island. They drove in and out of the station dozens of times before deciding where to place them. Once operating, Salinsky pumped gas from 6 a.m. to 6 p.m., seven days a week, and spent evenings cruising for another station. His partner, Joel Ehrlich, worked noon to midnight and used the mornings to manage paperwork and scout locations.

That was 1972.

One year later, they had four gas stations, and adversity once again reared its ugly head. The Arab oil embargo led to gasoline allocations in this country, based on prior year's sales. Without a base period of allocation from the previous year, the government declared them a legal nonentity. Technically, they were out of business, but not for long. The two relentlessly appealed to the Federal Energy Office to get gallons from the state, ending up with four separate allocations before agreeing on what they felt to be a fair amount.

Nearly a quarter century later, Salinsky's company, **Best Petroleum Co., Inc.**, is still scouting for stations and finding new ways to grow a business approaching the \$50-million-a-year mark. Salinsky, who bought out his partner in 1983, still works long hours, although (after taking advice from his wife, Esther), he recently has cut back to six days a week. And he's making the most of his built-in penchant for teamwork and harmony—a characteristic that had long been at conflict with his need to control details.

Although that need shows up as part of Salinsky's personality assessment, his high levels of energy and intelligence lift him above it and let him explain that nagging anxiety.

"They say the devil is in the details," he allows. "Well, there are a lot of *solutions* in the details. The details are what make you a lot better than your competition."

At 50, he says he's learning to be less detail-oriented, prompted in part by an employee who lamented the boss's need to micromanage everything. "I'm a good student, and only need direction," the employee said about himself.

Letting go is hard to do in a retail company-operated gasoline business where things are happening 24 hours a day, Salinsky says, but delegating authority is helping propel growth and actually improving the way all those details are handled.

Clearing the air

As might be expected, Salinsky managed this transfer of authority in his own thoughtful way. Three years ago, he became disturbed by the air of grouchiness and infighting at work. Unwilling to live with it, he decided, characteristically, to attack the problem head on and

By involving more people, including front-line store personnel, the company is getting much better solutions to problems. And employees are responding.

full force. "I didn't mind the people disagreeing," he says. "What I couldn't stand was when they were disagreeable."

So he hired a consultant—a "corporate shrink"—to conduct a personality assessment of the company's senior management, including himself. Salinsky's own profile shows why he did it. His brand of extrovert likes to have the facts and work in a structured environment, even as they base decisions on personal values. Above all, they like to promote harmony and harmonious relationships. Still, Salinsky didn't mind when a supplier dubbed him "tough" and a "shrewd businessman," because that same supplier also considers him "honest" and "honorable."

Armed with a greater appreciation of each other's priorities and thought processes, the company's senior management group headed for a series of off-site weekends to develop a corporate "mission-vision statement" that would spell out their commitment to customer service, quality products and services, employee development, environmental compliance, and expansion.

Along with that came a set of operating philosophies, such as treating everyone with respect, administering criticism privately, and "all the righteous good things that you would want to do," says Salinsky. "

They also developed new decision-making procedures, creating a series of teams comprised of a senior manager, a supervisor, a store manager, an associate, and main office personnel. These "cross-functional" teams went after a wide array of issues, from incentive programs and employee motivation to winter snow procedures.

"It used to be more dictatorial, more autocratic," recalls Greg Ehrlich, Best's operations vice president and son of Salinsky's original partner. "Now it's more democratic," although Ehrlich explains there is never a doubt who the boss is.

By involving more people, including front-line store personnel, the company is getting much better solutions to problems, he says. And employees are responding. "The turnover's gone down quite a bit, and people are noticeably happier," says Ehrlich.

Finance Vice President Gerald Herman says the team approach sometimes takes longer, but it's far more effective than the old "point and shoot" decision making method. He credits the boss, "an entrepreneur to the nth power," with having the courage to turn his people loose.

The company also has updated its technology, replacing the back room's old IBM System 36 with a

Turnover among Best's front-line personnel, such as those shown here at the Salem, Massachusetts, location, is on the decline, and employees are responding to a greater level of participation in the decision-making process.



"The Best Thing That Ever Happened to Me"

It was 1972, and the company he worked for had just been swallowed by a larger fish—an independent refiner. One Sunday morning, he got a call from the new headquarters asking him and his partner to come to Washington. As they approached the company's private plane, he told Joel Ehrlich, "They really need us to run this company, and I think we should ask for \$40,000 apiece."

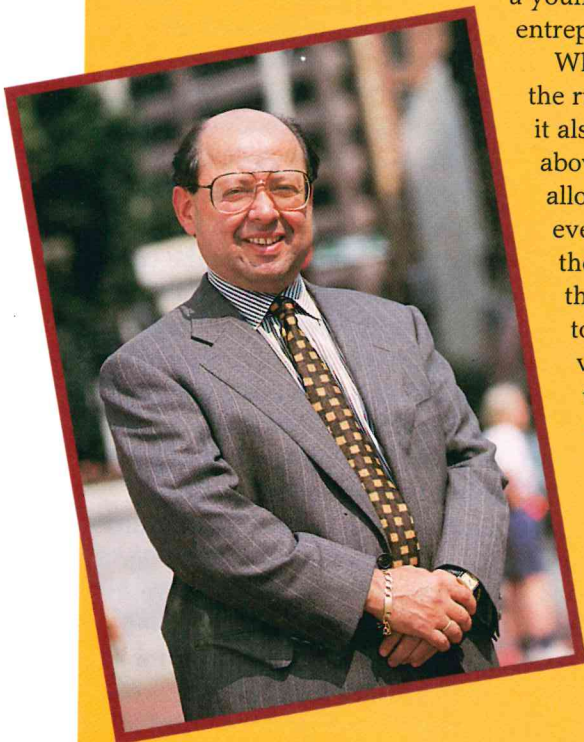
When he got a look at the size of the limousine waiting to pick them up in Washington, that first idea of a 40 percent raise began to seem trifling. "You know something?" he said to Joel, "If they want us, they should pay us \$55,000 apiece." And as they walked through the seemingly cavernous Washington headquarters, sinking deep into the thick carpeting as they approached a distant desk, he muttered to Joel, "They can afford \$75,000."

Then the man at the desk simply said the company hadn't realized how much money the two were making, and he fired them. The two were taken out for lunch and flown back home in the company's private jet. "It probably cost them \$10,000 to fire us," jokes Salinsky.

"The best thing that ever happened to me was getting fired," Salinsky says now, "because that refiner eventually went bankrupt." But there's more to it than that. It was the crucial event that spurred a young executive to become an entrepreneur.

While it most noticeably pulled the rug from beneath his feet, it also pulled the ceiling from above his already-bald head, allowing his career to soar . . . even if it didn't happen quite the way he envisioned it on that heady flight to Washington . . . even if the first stop was a run-down shanty on the road to Rhode Island, distinguished by nothing but its three vent pipes.

It also is ironic that the Best chain now includes several of the former employer's old stations, bought for 20 cents on the dollar at a pre-bankruptcy sale.



series of networked computers running Windows NT and integrating store operations into the system. Considering the millions of dollars in transactions being processed, the streamlining has lifted much of the heavy weight of data crunching and freed a lot of time for other customer service activities, says Herman.

Supercharging the growth engine

The overall picture is of a company beginning to evolve from an entrepreneurial to a corporate model. The entrepreneur, Salinsky, remains firmly in charge but relies more on employees to contribute to and carry out policies and procedures.

The changes have not been subtle. They have supercharged the organization, leading both to better decisions and to more decisions, since more people are involved. And that has helped fuel the company's current growth.

Expansion, spelled out as a key component to the company's mission-vision statement, has become standard operating procedure. Following a long, intentional freeze on growth, Best Petroleum in recent years has been actively seeking and finding new locations and new customers. This year, Salinsky expects to expand company-operated locations by 20 percent and double the count of dealer locations.

Dealers have become yet another way Best has leveraged its assets to grow as a company. While he has long supplied a network of owner-operated facilities, Salinsky is now franchising his own Best brand, an unusual feat for a modest-size regional marketer.

"Strong major brands are still important to us, but now we're promoting our own brand as well," he says.

Salinsky is selective about the

dealers he wants to work with, looking as much at the individual as the property. "We're not necessarily investing in their real estate," he says. "Our investment is in them." A committed dealer who is a student of the business can make the business work, he says. But someone without those qualities can take a decent location and ruin it.

In exchange for a long-term supply agreement, Best finances dealer upgrades to their locations. Best also offers the benefit of its own upgrading experience. One way is by helping dealers pick out the apples-to-apples comparisons that can get buried in construction bidding processes. In the most recent case, the high and low bids on a multi pump-and-tank package varied by \$40,000, Salinsky says.

Other value-added services include a proprietary fleet card (Best Fleet) and pay-at-the-pump capabilities. Best also recently signed an agreement with a national fleet card provider.

Mindful of the power of marketing, the company also offers Best-branded dealers a strong graphics package developed by company personnel about three years ago. The sign has an opaque red background that disappears at night, leaving a large italic "B" glowing yellow in the sky. Since upgrading the image, the company has increased its private brand presence at company-supplied stations, says Ehrlich, boosting private-brand operations from a minority to a majority share.

Much of the base for today's expansion came from a growth freeze Salinsky declared about nine years ago, when he decided to funnel all the company's resources into the ground. There was growing political pressure to prevent underground storage tanks from leaking into the environment. Believing

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his most valuable asset—his real estate and his ability to sell motor fuel—was at risk, Salinsky focused full company attention on addressing that challenge.

"We decided that we would upgrade all our tanks," he says. "We started from the groundwater up, identifying problems, replacing tanks, and installing spill containment manholes years before they were required by law." At the time, Best's tanks averaged about 15 years old. Nine years later, the average is about 7.9 years, and 95 percent of the company's tank systems comply with the 1998 EPA deadline.

Although it seemed extreme at the time, people have since told Salinsky he was smart to call that environmental time out. With a combination of modesty and honesty he says he wasn't so smart, just scared. "I was afraid that everything we did was at jeopardy. We were vulnerable," he says.

Bonus modernization

The move did a lot more than win a race to environmental cleanliness. It upgraded the entire operation.

"When you change your tanks, you might as well put in new

pumping systems and new MPDs," Salinsky says, "And you might as well put in canopies and go self-service. And with that, someone's going to sit in a kiosk. Well, for a small incremental investment, we might as well start selling cigarettes and putting in snack shops and stores. And that's how I got in the Twinkie® business."

Salinsky's Twinkie® business is called "MUNCHIES PLACE," a federally trademarked brand c-store with its own professionally developed image and its own franchised dealers. The snack shop c-stores range in size from 400 to 2,000 square feet.

True to Best's decision-by-team philosophy, the store's graphics package was designed by all levels of management. After weeks of review, the final color scheme, suggested by then controller Gerald Herman, came from a box of toothpaste. "These colors work," Herman told the group. Salinsky still has the box in his office.

MUNCHIES PLACE is a focus of Salinsky's latest unorthodox crusade, a campaign to reduce—yes, reduce—cigarette sales. At least, that's the short-term effect. The action, as with the earlier tank upgrades, is defensive, aimed at maintaining the ability to sell cigarettes to adults by making sure the company doesn't sell them to minors.

Just as he hired a full-time environmental compliance officer earlier, Salinsky now has a full-time trainer who ensures that everyone is schooled in the legal sale of cigarettes before they begin work. Employees have passed both internal and external compliance checks; a few who didn't have been suspended or fired.

"Recently, we were cited for selling cigarettes to a minor. However, we went before the local board of

health and presented our total internal education program. The group was so impressed, they waived our fines," Salinsky says proudly.

"Cities and towns are licensing the ability to sell cigarettes and licenses can be pulled," Salinsky adds. "We don't want to be the kind of company they'll want to make an example of."

While Salinsky enjoys the fruits of his early environmental compliance and his successful cigarette compliance program, he now has a new worry—that the Environmental Protection Agency might take pity on competitors who haven't yet upgraded and delay enforcement of the 1998 tank standards.

He credits SIGMA for being at the forefront of the battle to make sure that deadline holds, a position unanimously held by the SIGMA board. One reason SIGMA is Number One is that "we treat motor fuels as a separate business, not as a Twinkie®," he says, explaining that motor fuels are central at SIGMA, not just another convenience item. "We are the leading edge of the industry. We affect legislation, ensure open supply, educate our members, and encourage networking."

Salinsky, a SIGMA board member, considers the association the premier motor fuels marketer organization—not just for what it does but for what it is: a group of "the best motor fuels marketers in the country, the smartest of the smart, the best of the best." He and wife Esther, who actively contributes to the business, regularly attend SIGMA meetings and conventions and partake fully in all aspects of them.

Salinsky takes his association with fellow marketers very seriously, incorporating it directly into the way he does business. A good part of many days is spent on the

**"There is so much that
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phone bouncing ideas off friends around the country, giving advice, and asking their insights.

"If you're making the decisions in your business, you owe it to yourself and your company to get and give opinions from your friends at SIGMA," he says.

"There is so much that SIGMA has to offer. If people don't get involved, it's like going to a five-star restaurant and ordering a glass of water."

Because he's such an outgoing person, Salinsky may get even more benefit out of his SIGMA membership than the average member, says SIGMA President and **Getty Petroleum Corp.** Chairman **Leo Liebowitz**. He also gives plenty back, Liebowitz adds, pointing to the way Salinsky worked extra days and late into the night as chairman of the insurance committee that developed SIGMA's comprehensive tank liability insurance program. More recently, Salinsky was the most active membership chairman in decades and is currently actively chairing the Annual Meeting, Liebowitz says, noting Salinsky's "very, very energetic" participation and attention to detail.

"I appreciate his efforts," Liebowitz says.

Salinsky also devotes a share of his time and energy to serving on

the board of the nursing home where his grandmother spent her final years. Although he has taken himself out of line to head the organization, he remains on the board, believing it's important to give back to the community.

"Our society one day will be judged by how well we educate our children and how we take care of the elderly," Salinsky believes.

Boundless energy

Salinsky's drive, guts, and shrewd business instincts have helped build one of the strongest independents in the Northeast—a fact supported by one of the marketer's office adornments.

On Salinsky's office wall is a plaque displaying the first-day receipts for Best's very first station. It was April 7, 1972. The station sold 761.1 gallons of gasoline, 12 quarts of motor oil, and a bottle of gas-line antifreeze, and deposited \$156.25.

That site now boasts a 25,000-square-foot strip mall and a gas station with six MPDs, matching those first day's sales several times each hour. At more than an acre and a half, it's the largest property in the Best chain.

It's a beginning Salinsky remembers with a smile, but a wary one. Shortly before being fired, he had bought a house in the suburbs, and his wife had given birth to their second child. He recalls that start in business as not the least bit exciting, just scary.

"Maybe I do work hard, but I love the business, thrive on the work, cherish the challenges, enjoy the growth, and value the friendships," he says. "It's not that I want more. It's just that I don't want to go back to looking for old buildings with vent pipes on the sides." ■

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