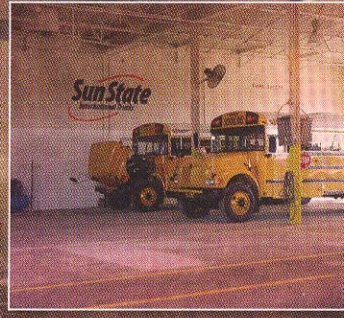


Finalist
TRUCK
DEALER
of the
YEAR

OSCAR
HORTON



SUN STATE
INTERNATIONAL



OSCAR HORTON OF SUN STATE INTERNATIONAL TRUCKS

Is The 2008 Truck Dealer Of The Year Finalist

Developing a long-range plan with five major initiatives is how Oscar Horton, president of Sun State International Trucks and the 2008 *ATD Truck Dealer of the Year Finalist*, plans to remain successful in the future.

Successful Dealer spoke with Horton on a variety of subjects including his plans for the future.

Here are excerpts from that exclusive interview.

SD: How is the market on the west coast of Florida?

Horton: The new and used truck business remains flat. The whole economy has been hit hard, but the Tampa market has been a disaster in terms of home repurchases so that market has been bad. But what we have seen in the last several weeks is a good bit of quoting activity on new trucks. And that is always a good sign.

The last two months our parts and service business has been really strong. We saw it taper off for a while. In a lot of cases, like in the dump truck business where a person owned 24 dump trucks, he actually was parking 12 of them and driving 12. When something broke on a truck, instead of fixing it, he just drove one of the other 12. But that business is starting to come back.

We expect to have a pretty strong year this year, but it has more to do with the mix of our business. We have a fairly diverse business. We have an aftermarket business where we put bodies on trucks, take them off, shorten wheelbases, lengthen wheelbases, air conditioning, school buses, etc.

We also have a rental and leasing company and we have seen some increase in our daily rentals. So we expect to have a strong year, but I wouldn't want anyone to think that that means new and used truck sales has picked up. It has been because we have a decent mix of businesses.

SD: What are your long-term concerns?

Horton: We have to improve our margins to allow for investments in our business in the future. Large scale private owner dealerships, and I am talking about those individuals who own several dealerships and employ 200-plus people, have to find a way to improve their margin. When you look at the truck business you typically hear people talk about a standard of 2 percent to 2.5 percent return on sales. A 2.5 percent return on sales will not fund the investment needed for capital improvements, acquisitions of other businesses and hiring talented, quality people.

SD: What areas of your dealership need improvement?

Horton: We hired an outside consultant last year to work with us because my focus was to make sure that this is more than a one generation family business. They spent more than six months talking to customers, our banks and our suppliers about Sun State and where they see us going.

Out of that, we came up with five major initiatives that we are going to have to work on over the next eight to 10 years.

One is systems. Our customers are very systems driven. They want lots of communication and to be able to communicate with our systems. They want to be able to look at the status of their trucks that are in our shops while they are at their office.

We have invested a lot in systems but because technology changes so fast, we have got to find a way to get ahead of it rather than chase it.

The next initiative would be facilities. We have five locations, and many are older facilities. They are nice

and clean, but they need to be more than that. We need to build bigger dealerships. We need to have nicer shops so that we can attract the right kinds of technicians.

Another area is marketing. We are trying to grow a brand that is not just International, but it is Sun State International. We have created a logo that is consistently out there. We want to get to the point that when someone sees that Sun State logo, it is recognized like Pepsi or Coke.

We want to continue to focus on customer service. We have to stay in touch with the customer even if it is bad news. There is a way to stay on top of it and improve your customer service.

And lastly, is education and development. One of the things that we focus on is what we call financial literacy. We teach all 200-plus of our people about the income statement, the balance sheet, gross margin, cash flow, business planning and implementation.

What we find is if they don't understand the business it is very hard to have a fair discussion about anything.

SD: What are you doing to weather this downturn in new vehicle sales?

Horton: We have buttoned down the hatches. We have taken some pretty aggressive steps over the last 90 days to take about \$1 million worth of cost out of our system. Some of those things include inventory reduction and renegotiating floor plan terms. We have gone back to our credit card companies and told them that the fees they are charging are too high. We have gone to our phone system people, our software providers and told them the same things. It did not take more than one or two phone calls to get the reductions we wanted.

We have a timeline that we use to chart our costs to see how we are coming along.

SD: What do you think sets your dealership apart from other dealerships?

Horton: It is that focus that we put on understanding the business. I can walk up to any employee and when they start talking about needing a raise, we can go right to the discussion about the business unit they work in and how well it is performing and how they contributed to that. And if they have a good understanding about that, they shouldn't have to ask me for a raise, their boss should recognize that they are a contributor.

The other one is this culture that we have tried to design about doing the right thing. We don't have a bunch of rule books here. I tell people all the time that there is a clock inside your stomach that tells you when you are doing the right thing. If you have to think twice about something, then you probably shouldn't do it. And if you do it and it is not in keeping with doing the right thing then you will suffer the consequences of that.

SD: How has your customer base changed and how have customer expectations changed?

Horton: In the recent past there were a number of local lumber mills that we sold 10 or 20 trucks to. In the last three years or so, all those places have been bought up by Lowe's and Home Depot. We don't sell Lowe's trucks, but we get to sell them the parts, service and work on warranty.

That gets back to our need to invest in systems. Those larger businesses require a lot of communication. They require us to tell them when a truck gets here by sending them an e-mail that tells them when we think the work will be completed. And we have to send another one telling them they can pick the truck up or that we dropped it off. Then they match the two and that is their record of how well we perform.

We did not have that with the local lumber companies that had trucks. We are finding that the high level of detail that is required to operate with major companies is making us better without a doubt, but it is a different focus. We have had to redo our business model.

SD: Do you have any plans to grow your operation?

Horton: Part of our eight to 10 year plan includes doubling the size of our business. We are going to do that a number of ways. One is we have to capture some of the additional market that is in the current AOR that we own. Another would be an acquisition or two that we could make.

The third way is we have to have more diversity in our business mix. If we are going to continue to sell and service trucks the way we are today, it looks like a 2.5 percent business. To be a company that I am describing, we have to have returns that are north of 5 percent or 6 percent. So we are going to need a different business model. We are going to need a different mix. We are going to have to get into other areas. They will be truck related, but somehow, some way we can't be just the traditional truck dealership. ■

ATD Honors Rush as 2008 Truck Dealer

By Jonathan S. Reiskin
Associate News Editor

W. Marvin Rush, founder and chairman of the only truck dealership chain traded on a major U.S. stock exchange, has been honored as the 2008 Truck Dealer of the Year by the American Truck Dealers trade association.

Rush, 69, started Rush Enterprises in 1965 and handed over daily operations to his son, W.M. "Rusty" Rush in February 2006. He built the New Braunfels, Texas, corporation into a business that earned \$51.5 million in net income last year on net revenue of \$352.1 million and gross revenue of \$2.03 billion.

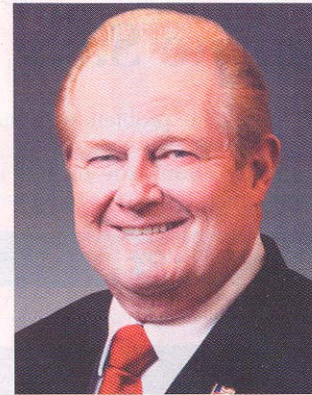
ATD presented Rush with the award April 26 at its annual convention in Grapevine, Texas, near Dallas. A judging committee from Indiana University's Kelley

Graduate School of Business selected Rush from a group of 12 nominees.

The judges also selected Oscar Horton, president of Sun State International Trucks in Tampa, Fla., as first runner-up. Sun State sells heavy- and medium-duty Internationals from five locations.

Horton worked for International Truck and Engine Corp., now Navistar Inc., for 25 years before buying Sun State in 2000. He has been active in fundraising for educational scholarships, the Boys and Girls Clubs of Tampa Bay, Goodwill Industries and his local Chamber of Commerce.

Rush started by selling heavy-duty Peterbilts and has spread into a variety of activities, including new and used, heavy- and medium-duty truck sales. In the medium-duty sector, the company sells Ford, GMC, Hino, Isuzu and



Rush

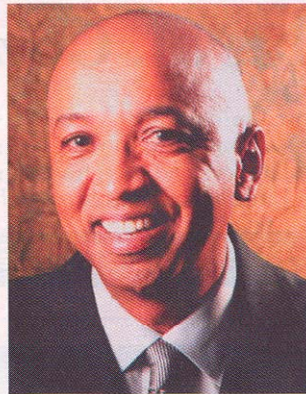
UD/Nissan Diesel Trucks, providing leasing, financing and insurance services.

The corporation, which Rush took public in 1996 on Nasdaq, has more than 50 locations in 10 states across the South, from Florida to California and as far north as Colorado. Beyond trucks, Rush Enterprises also sell refuse vehicles,



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of Year



Horton

crane systems, and construction and oil field equipment.

Rush and his wife, Barbara, live in Sequin, Texas, and are active in Youth in Agriculture and the Rush Family Scholarship Endowment.

The other 10 nominees for the 2008 Truck Dealer of the Year award were:

■ Gerald Chunn, Lonestar Truck

Group, North Richland Hills, Texas.

■ Kenneth Doonan, Doonan Truck & Equipment, Wichita, Kan.

■ Tom Graddy, Vanguard Truck Centers, Forest Park, Ga.

■ Charles Haden III, General Truck Sales Corp., South Charleston, W.Va.

■ John Hogan, Crossroads Truck Solutions, Springfield, Ill.

■ Ray Mason, Columbus (Ohio) Truck & Equipment Co. Inc.

■ Bill McKenna, McKenna Truck Center, Des Moines, Iowa.

■ Brian O'Donnell, Valley Ford Truck Inc., Cleveland.

■ Pete Scheler, Five Star International, Erie, Pa.

■ Cooper Sykes, Cooper Kenworth Inc., Durham, N.C.

Each year, the nominees, and not their dealerships, are judged on excellence in business practices, and industry and community leadership.

Last year, the Dealer of the Year award, sponsored by Heavy-Duty Trucking magazine, went to David Thompson. He is CEO of TEC Equipment Inc. in Portland, Ore. The eight-site chain sells Volvo, Mack and GMC Trucks.

Truck Dealer of the Year

Nominees boast a “drive to succeed.”

BY NANCY DUNHAM



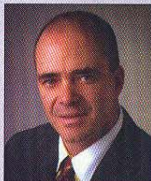
Gerald Chunn
North Richland Hills, Tex.



Kenneth C. Doonan
Wichita, Kans.



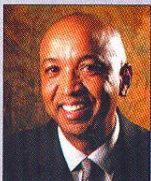
Tom Graddy
Forest Park, Ga.



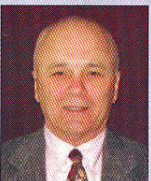
Charles H. Haden III
South Charleston, W.Va.



John F. Hogan
Springfield, Ill.



Oscar Horton
Tampa, Fla.



Ray Mason
Columbus, Ohio



Bill McKenna
Des Moines, Iowa



Brian O'Donnell
Cleveland, Ohio



W. Marvin Rush
New Braunfels, Tex.



Peter F. Scheler
Erie, Pa.



Cooper Sykes
Durham, N.C.

What's perhaps most exciting about the American Truck Dealers/*Heavy Duty Trucking* Truck Dealer of the Year award is the chance to review the accomplishments of key leaders in the industry. Not only have these 12 nominees succeeded in the face of major obstacles, such as a stalled economy, but they've also worked to build their communities. For decades the nominees have contributed countless hours to such efforts as Goodwill Industries, Shriners of North America, Habitat for Humanity, and various religious organizations. The award will be presented on April 26 at the annual ATD convention in Dallas.

And the 2008 nominees are ... Gerald Chunn, partner and president, Lonestar Truck Group, North Richland Hills, Tex.; Kenneth C. Doonan, president, Doonan Truck & Equipment of Wichita (Kans.), Inc.; Tom Graddy, chairman and CEO, Vanguard Truck Centers, Forest Park, Ga.; Charles H. Haden III, president, General Truck Sales Corp., South Charleston, W.Va.; John F. Hogan, owner and dealer principal, Crossroads Truck Solutions, Springfield, Ill.; Oscar Horton, president, Sun State International Trucks, Tampa; Ray Mason, president, Columbus (Ohio) Truck & Equipment Co., Inc.; Bill McKenna, president, McKenna Truck Center, Des Moines, Iowa; Brian O'Donnell, president, Valley Ford Truck, Inc., Cleveland; W. Marvin Rush, chairman and owner, Rush Enterprises, New Braunfels, Tex.; Peter F. Scheler, CEO, Five Star International, Erie, Pa.; and Cooper Sykes, president, Cooper Kenworth, Inc., Durham, N.C. AE

Nancy Dunham is a contributing writer based in Alexandria, Va.