

# Two Men and a Truck International

by

Aneil Mishra and Karen Mishra  
both at Wake Forest University,  
North Carolina, U.S.A.

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Mary Ellen Sheets, CEO of Two Men and a Truck International® (TMT), sits in her office, pondering the future of “her baby”—the local moving company she built that is now ranked #7 in the moving industry. Her motto is “Movers who care®”, and she is very proud of the fact that both TMT International and her franchisees all demonstrate care and concern for their customers in their daily work, as well as in special circumstances, such as providing trucks for victims of the recent flooding in North Carolina. Can TMT maintain its image as a caring, trusted company as they grow the company into the 21<sup>st</sup> century?

## The Beginning

Mary Ellen started the first and only local moving company with her “men”, sons Brig and Jon, and a “truck”, a \$350 find that got them started. In the early 80s, her sons wanted to earn college tuition money in the summer. They placed an ad in the local Okemos paper, *The Towne Courier*, with copy written by their mother which simply said “Two Men and a Truck”. She also drew a simple logo for the business—a stick figure of two happy men driving a truck. The business did well and when Brig and John returned to Northern Michigan University in the fall, people kept calling to have their moves done. She decided to keep operating the business by hiring two men to help her with the moving.

By May of 1985, she bought a “new” truck. After work each day as a systems analyst for the State of Michigan, she would return home, listen to her answering machine and schedule moves for Joe and Elmer, her two movers. She would charge the customer \$25 an hour, pay each “man” \$10 an hour and use the rest for gas money and placing classified ads. During these early “Joe and Elmer” days, she also utilized some unique practices, including not leaving any contact information with the customer after a move in case the movers happened to damage something. She also was pulled over by a Michigan State Trooper on Interstate 96 for failing to have the proper license to drive a truck. At the end of her first full year in business, she had made a \$1000 profit. Not wanting to have to figure out how to pay taxes on the income, she simply gave the money away, writing ten \$100 checks to charitable organizations.

As she grew the business, working out of her home and running it by herself, she began to change the way the business operated, focusing her attention on the customer. Russ Scott, owner of the Genessee County franchise, was one of her first professional movers and he remembers using a *“14-foot truck, no ramp and one appliance dolly. Back then, there was no calling in sick. There was no on-call. There was no safety net. If there was a job booked and if we worked 14 days straight, we worked 14 days straight. It didn’t happen often, but that is how it was. It was very personal. That was my truck, those were my moves, and that is how everybody looked at it. We wore several hats in those first few years. Also, we didn’t focus on the dollars and cents. We focused more on the service and what we had to offer the customer, not what we could get from the customer and it has gotten us an awful long ways. If we damaged a \$200 chair, then Mary Ellen felt that we owed that customer a \$200 chair, not \$.60 on the pound, as the industry standard. That went a long way towards building credibility and trust with our customers. Decisions were always made that a change has to benefit 80% of the system”* in order to be implemented.

When Mary Ellen’s son, Jon, took over the Lansing franchise, he found that Mary Ellen had given all of the profits away—to local charities—anyone that called asking for a donation. He quickly put a stop to that saying, “You have to get this company in good shape financially.” Once he did, the Lansing franchise continued to give to the community, including helping to pay for the fountain in front of Luginut Park, where the Lansing Luginuts (minor league team) play.

### **System Growth and Expansion**

By 1994, TMT ([www.twomen.com](http://www.twomen.com)) had grown to 35 franchisees and Mary Ellen was still doing everything herself—the newsletter, the annual meeting, visiting franchises and doing the books. She knew the franchisees so well that she not only knew the names of their children, but the year and make of each of their trucks. In addition, Mary Ellen was successfully running her own franchise in Lansing, which was growing very quickly, having quit her job at the State of Michigan. At the same time as the company was experiencing such tremendous growth, Mary Ellen was asked by the Michigan Republican Party to run for state Senate. She knew that she would need assistance and asked her daughter, Melanie, to step in as president and run the day-to-day operations of the company, and her son, Jon, to run her franchise in Lansing.

Melanie agreed to take on the job of president even though the job paid no salary, and even though it meant giving up an \$80,000 a year job with a company car. She did so because she realized that her mom really needed help, and not just because Mary Ellen was going to run for political office.

Melanie brought to the company her experience in sales as a pharmaceutical sales representative, as well as her experience running franchises in Georgia and Michigan. Right way, Melanie saw the need to introduce formal controls into the franchise system. Because Mary Ellen had personally brought in every franchisee and wanted to help them grow *their* business, she was somewhat lenient in allowing the franchisees to make royalty payments when it was convenient for them. Some of the franchisees who had

“grown up” with Mary Ellen wondered who this young woman was and what she was really made of. Melanie personally visited every one of the franchisees so that she could meet them and they could get to know her. Melanie felt very strongly that she needed to apply the franchise agreement fairly across all franchisees in order to protect the value of the TMT brand. Several of the franchises had become very tardy in their royalty payments, and some had stopped paying royalties altogether. In addition, she raised the royalty rate from 4% to 6%, in an industry (franchising) that has an average royalty rate of 9 to 10%. As Mary Ellen herself said “I am probably the soft person and Melanie is the other person.” Sally Degnan, Training Director agrees. “Mary Ellen rules with her heart, and Melanie has a heart, but rules with her mind. We used to call her the Melanator.”

In response to Melanie enforcing the franchise agreements more consistently and raising the royalty rate, six of the more disgruntled franchisees banded together, taking advantage of some loopholes in the franchise agreement, and threatened to use the TMT name and logo but not pay royalties due TMT International. Melanie invested significant sums of her own money to cover the mounting legal bills and to fight the six delinquent franchises in court in order to make sure that TMT’s franchise agreement was upheld. She remembers this as particularly stressful time in her life, as she also had twin six-month old boys to raise, and her husband was fighting a battle with cancer as well. Melanie noted that the legal costs were in excess of \$600,000 and that at one point “we were so broke we just kept the heat turned down really low in the little house we were working out of. We were freezing in that house just to cut down on expenses. We had to start telling our vendors, including our attorney, that we couldn’t pay them in full. We sent our attorneys \$500 a month, even though we owed them several hundred thousand dollars.”

The court, however, eventually upheld the TMT franchise agreement. Two of the six franchisees apologized and asked if they could return to the system while the other four were terminated. As part of the settlement, TMT and its franchises cannot operate in the state of Georgia. Since this time, **TWO MEN AND A TRUCK®** has bought the rights back for the state of Georgia and currently have 10 franchise locations operating in that state.

One of the lessons from that lawsuit was the recognition of the need to better assess prospective franchisees without just taking anyone with money. That is how brother and the other “man”, Brig, came into the picture. He is the Franchise Recruiting Director, and has brought a new level of discernment as they review prospective franchisees. He finds that there are times when they tell a prospective franchisee “Yes, we would like to take your money, but no, this will not be a good fit for us or for you.” Brig also is of the philosophy that you must maintain a sense of balance between work and family. He has learned that “when I give 100% at work, I should be able to go home and give 100% to my kids as opposed to not giving them the leftovers.”

### **Mary Ellen Today**

Mary Ellen knows that she has changed personally since growing this company. She admits to being “painfully shy” when she first entered the work world. Now, she is the

primary PR machine for the company, appearing on CNN and Oprah. She writes an article for the newsletter for the franchisees and their employees called “On the Move”. She still cares about the community, preferring to do things for kids, “since they will be our customers in the future.”

She otherwise allows her employees—and her children—tremendous freedom to do their jobs the way they see fit. At TMT's first strategic planning session, conducted in 1999, Mary Ellen remarked at what good ideas everyone had. There was no “...but I did it this way” or “that will never work here”. She sat back and listened as her employees shared their ideas enthusiastically and she gave them all a great sense of encouragement.

## Daily Operations

Everyone in the Home Office loves working for TMT. It is a very high energy environment where people work together with a common goal—to make TMT better each day and to serve the customer as best as possible, in line with its mission statement:

Our commitment is to continuously strive to exceed our Customer's expectations in value and high standard of satisfaction.

One way they keep close tabs on each other is through their weekly staff meetings. Each Tuesday morning, the staff meets to discuss what they are working on. In speaking about this, Mary Ellen remarked, “*We have a joke in our company—if there is a job to be done and you make eye contact, you will get assigned to it!*” Long time Employee Sue McIntosh, Signage Coordinator remarked, “*It's just a good place to work because they make you feel like you are important here, no matter what you do.*”

Maintaining this high-level of energy among employees requires periods of rejuvenation in Melanie's view, and so in the spring of 2003 she instituted an Earned Sabbatical Program for all her full-time employees at the company's Lansing headquarters. The program is designed to reward employees who have been with the company full-time for six years with six straight weeks of paid time off. For more details, see [http://www.twomen.com/company/press\\_room/press\\_release.php?article\\_id=00000006](http://www.twomen.com/company/press_room/press_release.php?article_id=00000006)

## Franchise Relations

TMT International works hard to maintain a positive strategic partnership with each of its franchisees. The Home office does try to over-communicate on an on-going basis through newsletters and through its use of Franchise Business Consultants. Franchise Business Consultants are assigned 20-25 franchisees that they are responsible for visiting two times each year, as well as for on-going communication and advice. TMT International strives to maintain consistency across franchisees, as Quincy Jones, assistant training manager said, “*Like the McDonald's of the 90s.*”

The franchisees' biggest problem to date has been employee retention. TMT International encourages its franchisees to raise wages, offer benefits and other incentives to keep good people. The Home office is also encouraging the franchisees to find ways to help their employees grow with them. One example in which it assists franchisees is

by tracking customer comment cards and feeding back information to each franchise so that the best movers and customer service reps can be recognized for outstanding effort. Another effort is Stick Man University, which the Home Office established in 1989 to provide on-going training for franchise employees. An extensive number of courses are offered, both for new and experienced franchise employees. As Sally Degan, the Training Director describes the philosophy behind developing franchisees' employees "*You don't make the new guy walk backwards.*" Franchisees can also take advantage of Home Office's resource library of training videos, management best-sellers, and other educational materials at any time. Sally notes that these efforts along with Stick Men University are excellent vehicles for demonstrating Home Office's long-term commitment to its franchises and their employees, and is a visible example of how the franchises' royalties are being used by Home Office for the betterment of the entire system.

One way Jon Sorber, a member of the board and a franchisee himself, has been innovative is to create a new position for his outstanding Lansing Manager, Rob Felcher. He knew that this man was ready for additional responsibility yet as a newlywed was not anxious to travel as a field consultant, so he created a general manager position for him to watch over his two franchises in Grand Rapids and Lansing. One common challenge facing franchisees is the need to provide growth opportunities to employees who want to go beyond the initial job of mover while at the same time retaining enough movers to facilitate the franchise's rapid business growth.

One other area that TMT International is concerned about is the need to grow market share. System-wide growth that has been exceeding 40% annually in recent years has yielded system-wide revenues of over \$100 million for 2002 (compared to \$46 million in 1999 and \$31.6 million in 1998). However, a TMT franchise's typical percentage market share is still in the single digits. TMT International sees increasing market share as an enormous opportunity for growing the business, given that their biggest competitor is still the "do-it-yourselfer."

### **Melanie Today**

She views her key responsibilities at Home Office to be communication and on-going strategic planning. She is very thorough in the way she communicates with franchisees, providing them with advance memos about potential ideas that she would like to implement in order to get their feedback early on. Once she feels that there has been enough two-way communication, she will implement her idea—but not before she has had time to explain her views and assess the franchisees' acceptance of it. She is very goal-oriented and works quickly in implementing ideas—whether they are hers or someone else's.

A critical part of her communication efforts involve ensuring that franchisees are provided up-to-date information that can be used to improve customer satisfaction as well as operating and financial performance. During much of the company's history, Mary Ellen compiled much of this information, but it is now largely computerized. Each franchise now has access to market share, profit, and cost data on all franchises in the

system. Melanie has ultimate responsibility for ensuring that such data are accurate and disseminated it in a comprehensible and timely fashion back to all franchisees.

On the subject of strategic planning. **TWO MEN AND A TRUCK®** has 28 strategic initiatives in the works. Melanie enthusiastically promotes and participates in this program. These initiatives are in place to increase customer satisfaction, market share domestically and globally, and current Franchisee profitability. Everyone at Home Office is involved in at least one strategic initiative as well as several of the Franchisees. These efforts must be done while keeping the focus on the company's Core Purpose and Core Values (see below).

Melanie is also a very active member of the Young President's Organization (YPO), and shares lessons learned from experiences in this organization in each of the newsletters to franchisees. She has found this to be an invaluable outlet for exchanging ideas and being re-energized.

### **Keys to Success**

Mary Ellen feels that TMT International has been so successful, with 119 franchise locations in 25 states as of 2003, because it has selected its franchisees wisely, finding that very optimistic, positive people make the best franchisees. Melanie knows that prospective franchisees are drawn to their company due to the eye-catching logo and simple, but memorable name, as well as the thought of working with Mary Ellen. Those trucks catch the eyes of their moving customers, as well. Once a franchise is well established, they find that word-of-mouth referrals help grow their business. Brig commented that while we are not here to make money—but if we constantly look at our customer and make things easy for them to use our business, the money will be there. Sally Degnan agrees “We do what we say we are going to do when we say we're going to do it and if not, we apologize for it.”

### **The Future**

- Can they continue to be a close-knit, family company with the growth they are experiencing?
- How can they help a franchise continue to grow without already experiencing that type of growth themselves? Can Jon's franchisees maintain their guinea pig status far ahead enough for others to learn from them?
- What will happen when Mary Ellen retires?
- Does Home Office have the necessary professional talent to grow the business?
- What will happen if Melanie and her brothers decide to sell-out and take the company public?

**Mission**

**Our commitment is to continuously strive to exceed our Customer's expectations in value and high standards of satisfaction.**

**Core Purpose**

To be a role model in our industry

**Core Values**

**Integrity:** To always conduct oneself with honesty and fairness

**Give Back to the Community**

**The Grandma Rule:** To treat everyone the way you would want your Grandma treated

**Care:** To have compassion for family, Customers, Co-workers and Community

**Be Your Best & Have Fun:** To be the best professionally and personally while enjoying life and having fun