



## Sink or Swim

Pool, patio and spa retailer succeeds through a focus on “Retail 101”

by WILLIAM F. KENDY

**P**inch-A-Penny Pool Patio & Spa was founded because of an unexpected and unfortunate business reversal.

In 1974, Fred Thomas, an independent sales representative out of Clearwater, Fla., took on a line of pool chemicals to represent. He received a sizeable order from a retail chain and, believing he had a firm commitment, went ahead and placed the order. Much to his chagrin, the chain cancelled and Thomas was stuck with a bunch of inventory. Since he didn't have the money to pay for it, he needed to move it or face possible bankruptcy.

Thomas decided to take a risk and sell it to consumers on his own. He rented a

small warehouse in a nearby industrial park and opened his doors to the public on weekends. Pinch-A-Penny was born.

According to a 1975 *Tampa Tribune* interview, Thomas's first cash register was a two-quart saucepan. Three months later, he “graduated” to a six-quart Dutch oven and was in business for real.

“One thing led to another and by 1975 the little Clearwater part-time business blossomed into a full-time pool supply store, and as it grew he got the itch to expand and open more stores,” says John Thomas, Fred's son who took over as president of PAP in 1992.

“In 1976 he didn't have a lot of capital to work with, so he turned to franchising as a means to opening additional stores and growing the business.”

### THE RIGHT FIT

PAP has more than 230 stores in Florida, Alabama, Georgia, Louisiana and Texas, including three corporate-owned locations in Florida used for testing, research and “to keep a finger on the pulse of the market,” Thomas says.

In addition to offering pool and spa products, most franchises offer backyard services to maintain pools and spas for those customers who don't want to

do it themselves. Some franchisees make repairs to equipment, install new equipment and even remodel pools.

Needing to get merchandise to PAP franchisees effectively and affordably, Thomas created a wholesale business to exclusively supply PAP stores. That ultimately expanded into a manufacturing and packaging division.

“We are vertically integrated with a wholesale division that supplies our franchisees with the majority of their merchandise,” he says. “We also have a manufacturing and packaging division that ensures we can maintain a competitive advantage on swimming pool and spa chemicals sold through our system.”

PAP is very particular about who is interested in becoming a franchisee and why, and wants to make sure it is a good fit.

“We want to make sure that the people who buy our stores and become franchisees are really interested in the kind of business they will be in and understand the life they are going to have,” Thomas says. “We don’t want to have a square peg trying to fit into a round hole. Sometimes we have to slow them down to help them know what they are getting into.”

The PAP franchise process includes several steps, including receiving information, application completion, disclosure meeting, visiting stores and meeting franchisees, formulation of a business plan, approval, site selection, build out, training and opening.

A required 30-day training and teaching program teaches franchisees the foundation and basics. It covers how to operate the business, take things apart and put them back together,



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in-depth knowledge of technical aspects, sales training and merchandising, along with other types of assistance all along the journey.

As with all franchise operations, owners receive the benefits of being part

of a larger concern which includes administrative assistance, educational opportunities, field service support, advertising and marketing services and purchasing opportunities made available by economy of scale. That means PAP can be competitive on price with mass merchandisers.

#### HUMAN INTEREST

Thomas says that the company’s goal has never been to see how many stores it can open in a year or how many states it can serve; PAP averages just 10 new stores a year.

“We don’t have a goal of a certain number of new stores a year or expanding to other states, which would mean a different model,” Thomas says. “But we want to grow because if you aren’t growing you are just coasting, and it has to be done right so we can offer and deliver support to our franchisees. I need to be able to look them in the eye and make sure

they know I am as much concerned with their success as I am mine.”

He believes that two major factors account for a large portion of the organization’s continued success.

The first is a commitment to what Thomas calls the “Retail 101 philosophy,” which comes from having owners that have a vested interest in the success of their locations. That encompasses caring about their employees, their customers and vendors and working on-site most days of the week. Basically, it is about the human side of the business.

“Retail 101 is something that some very large retailers, some of whom no longer exist, did in the beginning, but forgot to keep doing along the way,” Thomas says. “The hard part isn’t the philosophy — it’s the execution. That’s why we

rely on franchisee-partners. As a result, we can have an open dialogue with our franchisees and challenge each other to get better.”

No matter the industry, “if you are not taking care of the human side of the business, you will ultimately fail,” he says. “We believe that when you are fair and honest, and show that you care about the person in front of you — be it a supplier, a franchisee, an employee or a customer — you can work through almost any challenge.”

Number two on the PAP success hit list is customer service. Pool and spa owners need chemicals, accessories and services: They might as well get them from PAP.

“We are in a needs-based business,” Thomas says. “Our focus is to provide as many of the products and services a pool or spa owner might need, at a fair price, in a clean and convenient manner, and to make sure the people charged with the responsibility of serving the customers do so with knowledge, friendliness and integrity.”

## MAINTAINING TRUST

After 42 years and millions of transactions, PAP has made mistakes and has failed from time to time, Thomas admits; what has prompted success is that the company always works to eliminate mistakes.

“We never stop trying to ... improve nor forget that it’s all about people and relationships, which by default are imperfect. While we are smart enough to know that perfection is unattainable, we never stop caring about the pursuit of excellence,” he says.

“We are providing commodity products and services, and I’m not sure that most pool customers care what the name is over the door where they shop. What they care about is having someone they trust to help them prevent and solve problems,” Thomas says.

“What they care about is not being taken advantage of in the form of paying an unfair price or being sold things they really don’t need, and [knowing] that you are going to be there for them after the sale if the product doesn’t perform or breaks.”

Thomas makes it a point to visit every PAP franchise once a year.

“I strongly believe one of the most important jobs I have is to visit every store every year. I can’t lead people if I don’t really know them. It gives me a chance to have some face time and it is my way of staying in touch and not forgetting about my roots,” he says.

“Our goal is to always be the best pool store and service company in town, wherever that town may be. Our

model has always been to focus on how successful the stores we already have can be, and then to add a few more every year in new places that need us. As we grow, it’s about doing it in a slower and controlled fashion to ensure that the stores we have, old or new, are successful.” **STORES**

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