LESCO Admits Mistake; Bringing Back Sales Force

By Larry Aylward

Cleveland-based LESCO is going back to its old way of doing business. The company announced this intention after revealing in July it anticipates a $4 million net loss for 2006. The company's news caused its stock price to plunge 36 percent to a 52-week low.

Going back to its old way of doing business means LESCO is reinstating its direct-sales program. Last year, former LESCO CEO Michael DiMino, who resigned last fall, dissolved the direct-sales force and increased the company's mobile Stores On Wheels units to sell turf products to superintendents. The move backfired on the company. Golf course superintendents and other LESCO customers missed the face-to-face customer service that the sales representatives provided.

"The decision to disband the sales representative program did not adequately take into consideration our customers' needs," said Jeffrey Rutherford, LESCO'S president and CEO. "We have begun reinstating in a modified form the sales rep model that was discontinued in the first quarter of 2005. We've learned how valuable these individuals are to our customers and to our business."

DiMino's decision to change the company's sales strategy caused one of its vendors, Syngenta Professional Products, to part ways with the company. Rutherford said that LESCO's current vendors are supportive of the decision to reinstate its sales reps. Rutherford said he did not support DiMino's decision to change the sales model in the first place. "And the people who were involved in that decision are no longer with the company," he added.

Rutherford said LESCO will hire 20 to 30 sales people and will fill about half of those positions internally.

Rutherford said he's not sure how many customers LESCO lost because of the decision to disband the sales staff. He also said many LESCO employees were upset with the decision. "We lost a lot of good people over a bad decision," he said.

"Quotable

"It was one of the worst-kept secrets in the history of secrets."

— David Pursell, CEO of Pursell Technologies Inc., on the sale of his family-owned company to Agrium Inc.

"We bowed to the superintendents [after the final putt] because they did a wonderful job getting the course ready."

— Ben Curtis, after winning the Booz Allen Classic at the TPC at Avenel Course in Potomac, Md. The tournament's conclusion was delayed several days because of heavy rain. Incidentally, the certified superintendent of the course is Dennis Ingram.

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in "a beautiful natural valley down the middle of the site, with rock outcroppings on the sidehills," Schlegel says.

Doesn't turning an 18-hole course into nine holes go against the grain?

"Yes," says Schlegel, "but why not? Some people don't have as much time as they did 10 or 20 years ago, and having a real good nine-hole course will allow them to get out and play. I believe it is filling a good niche."

Schewel sees the new Oakwood as a prototype for future construction.

"I actually think we're cutting edge," she says. "(New Vision Golf owner) Jennie Allman and I have talked a lot about it. She watches industry trends. Some golf courses are closing down because they're not getting enough play to pay the cost of maintaining them. ... We feel there is a trend toward nine-hole courses because of how much time it takes to play 18 holes. Everybody is so busy. We intend to hold three-hole tournaments, to do a lot of fun events, to capture the market for kids and ladies, or the businessman who doesn't have the time for 18 holes. That's what we're banking on."

Oakwood may represent the first time an "18-to-9" project has been undertaken. The National Golf Foundation has no records of any facility doing this.

Topographic maps in hand and walking the property until he knew it like a brother, Schlegel figured how to transform Oakwood.

"Club members realize something had to be done with their golf course, and it was either something like we are doing now, or selling the land and putting condos on it," Schlegel says. "They wanted to keep their open space. This deal satisfies their needs and allows New Vision Golf to make a good business decision."

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