

## INSIDE



Driver URBAN's Driver



Wilson's Way



An Orange County Business Journal Special Issue

# FASTEST-GROWING PRIVATE COMPANIES

## Wilson's Twin Waves

### Rides Hot Market, Acquisitions Toward \$2B in Sales

By MEDIHA DIMARTINO

David Wilson knows a good market when he sees one.

That's certainly been the case in recent years, as the owner of Orange County's largest group of car dealerships has ridden a trend of rising national auto sales to a 30% increase in revenue over the past two years, good enough for the No. 10 spot on this week's Business Journal's list of fastest-growing large private companies based in Orange County (see related story above, Special Report starting on page 21).



Wilson: "bitten off plenty this year"

"This is about as good as it's ever been, so it can't get much better," Wilson said.

He'll be well-positioned if it does, with nine dealerships in OC and eight in other markets under his Orange-based **David Wilson Automotive Group**.

The group reported \$1.73 billion in revenue for the 12-month period ending in June, Wilson said he anticipates the year to close at a "little over \$2 billion in sales," of which roughly \$350 million will come from two recent acquisitions. The rest of his dealer-

► Wilson 88

Companies  
+76%

Companies  
+95%

## Wilson

► from page 1

ships combined for a year-to-year gain of about 10%, or \$148 million.

The group, which employs more than 2,000, is on a hiatus from acquisitions for now.

"We've bitten off plenty this year," Wilson said, referring to the \$100 million he spent in June to buy **Fletcher Jones Toyota** of Las Vegas and **Villa Ford** in Orange. "Someone said, 'Well you got that out of your mattress.' I said, 'Well if I did, my mattress is a lot thinner now, and I'm not sleeping as well.'"

### Long Wait

Wilson had been waiting to buy Villa Ford for quite awhile. It's "just up the street from Toyota of Orange," his first purchase in 1983. Sisters **Karen Baldwin** and **Peggy Baldwin-Butler** inherited the dealership in 1998 from their late father, **Herb**, and Wilson has "been chasing them for 15 years" to sell it.

This past June, as the duo was getting ready to retire, they finally gave him a call.

"Orange is a good place to do business. The demographics are perfect for Ford and Toyota buyers, so it was just natural that we want to expand where we are," he said. "It also gave us the ability to promote a lot of our people that worked at **Ford of Orange** to management positions at Villa Ford. ... We don't buy a dealership and then advertise for employees to run it. We grow our own people."

Wilson also opened a Volkswagen dealer-



Milestone: David Wilson, left, hands over the car "key" to Orangewood Children's Foundation CEO Chris Simonsen when his group donated a car to the organization upon selling its 500,000th vehicle

ship in San Bernardino last year.

"[Revenue is] marginal right now," he said. "We have a cyclical business, and Volkswagen is in a down product cycle. We are not doing as well as we had expected, but we are long-term players. We have holding power, and we'll stay until their product improves. We are selling about 50 new cars per month, and we'd like to be selling a hundred."

The purchases brought his portfolio to seven Toyota dealerships; three each of the Lexus and Honda brands; and one dealership each of Acura, Ford, Mazda and Volkswagen.

The Las Vegas deal with Newport Beach-based **Fletcher Jones Motorcars** was the company's first foray into Nevada. Wilson also owns two Toyota dealerships in Arizona and two Toyota dealerships in Mexico.

The group's expansion plans will concentrate on adding "more Toyota and more Honda" dealerships in those three areas to make it more affordable to do business there.

"Volume helps with costs," Wilson said. "When you're insuring 2,000 lives, you're getting a much better deal than the guy who is trying to insure 30. Automobile retailing is a consolidating industry, just like seemingly

everything else. Twenty years ago, there were about 25,000 car dealers in the U.S. Today, there about 18,000 or 20,000, and those have only about 7,000 or 8,000 owners. You either have to go big or go home."

### Mexico

Wilson, aside from cost benefits, sees Mexico as "an emerging market." The country's annual auto sales reach roughly 1 million vehicles, but its population is about 100 million. He compared it to the U.S.' 300 million population and about 17.5 million vehicles expected to be sold here this year.

"They should have a 5-million car market," he said. "There is real potential there."

Wilson said he's optimistic about U.S. auto sales and expects the push to continue into 2015 and 2016.

"We are looking at minimal growth, but we are sort of stuck at 95%, and there is nothing wrong with that," he said. "This is about as good as it's ever been, so it can't get much better."

What does keep him up at night, he said, is California's income tax, currently set at 13.3% for taxpayers like him.

"Between state and federal income tax, they are taking more than 50% of our profit," he said. "So who is really in business, the government or David Wilson? Sometimes our quarterly payments are more than the cash income to the company. Makes me wonder what will happen in three, four years. That tax is supposed to expire, but they are already talking about extending it. I see it as a problem, not just for me but for every business in California." ■