



DIMAcast 391

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Mike Abt

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www.Abt.com

Bill McCurry: Forget everything you heard about consumer electronics retail, because in Chicagoland it's a different world, 1,200 employees in one building. Mike Abt, third generation, Abt Electronics right?

Mike Abt: Yes.

Bill McCurry: Grandma and grandpa started it with \$800?

Mike Abt: Yep, back in 1936, grandpa was working at a store called the Fair Store and grandma thought that would be a great idea for him to get into his own business. She went to work with her brothers who had fruit business and she didn't really think that was a great thing to wake up at four in the morning and deal with fruit. So she pushed my grandpa to get going and start his own business. So it was called Abt Radio back then. Teeny little store with just her and grandpa and one other guy and they were selling radios and some appliances and it went from there.

Bill McCurry: They had a son Bob?

Mike Abt: Yep.

Bill McCurry: Who's your dad?

Mike Abt: My dad, he started in 1962 working in the business and once he started working he quickly took the reins from my grandpa and drove it to what it is today.

Bill McCurry: And he's got four boys in the business.

Mike Abt: Yep, me, my brother Rick, brother John, brother Billy.

Bill McCurry: And your titles are co-presidents.

Mike Abt: Yes. It's fun to be a co-president and we all get along nicely, it's a big company so there's a lot to do

Bill McCurry: All four of you worked elsewhere.

Mike Abt: Yes a good family rule, you had to work somewhere else for a year before you came into the business.

Bill McCurry: Why is that a good rule?

Mike Abt: if you go right into your family business then you never knew what it was really like on the outside, so you have a lot more feelings toward other employees and you understand what they're going

through, because it's not easy to work for other people and you find that out as you're working for someone else, you can't read about that one.

Bill McCurry: Some things you just have to experience yourself?



You know you're in a special place when this 6 foot head greets you wearing shades and ear buds . . .

Mike Abt: Yes. Great lesson, we have our fourth generation coming up, they're 18, 19, down to 12 the same rule will definitely apply for them.

Bill McCurry: What if they don't want to come back?

Mike Abt: That's fine, you don't have to come back, that's up to you and that was a parent rule, but we'll all be the same way.

Bill McCurry: So you give you the kid's roots and wings?

Mike Abt: Yes. It's up to them for what they want to do with it. I hope some of them don't come back. You really want people to do their own thing. One brother, John, he waited a few - bunch of years before he came back, that was good, , made him be sure that he wanted to come back when he did.



It looks more like center court in a high end regional mall . . . it's just a small part of what makes Abt Electronics a fun place to visit. Behind the Maserati on display is a choreographed fountain (ala Bellagio in Las Vegas). Around the center court are boutiques for brands like Tumi, Apple, Thermador, Miele, Wolf, Viking and literally dozens more.

Bill McCurry: I think that's fantastic. You see retail as entertainment, not as selling stuff.

Mike Abt: Well one thing that is you're here all the time, so you want to make sure you're having fun and we sell appliance and electronics and those are entertainment. The things we sell are entertaining people. So we try to make it fun every day, we live here, we have one store and we make sure it's always entertaining.

Bill McCurry: So you've got this one tiny little store here, and you got everything weird going on, you've got a fish tank with eels and sharks in it? We just got it redone so it's real colorful right now.



Bill McCurry: Spectacular.

Mike Abt: We take care of it ourselves, our own guys clean the tank, we feed the fish ourselves it's really a nice way to show off our cameras and our camcorders, we have a bubble machine, so you can get into a device and put a bubble around your body, we have a 5,000 pound granite ball, which lets you spin the world. So it's a big granite ball suspended on some water and kids and adults love getting their hands wet and spinning our ball. You'll see that at Disney World and Disneyland and a bunch of zoo's have it. We have machines that were at the electronic show that spin a windmill. We call it the plasma window. We have four plasma TV's that just recently became LCD and they spin around and all the images spin with the windmill spinning around and it's a very unique, clever thing that was only ever shown at the electronic show, back 15 years ago. And we have 10 more items or 15 more things like that.



Bill McCurry: Why do you have those things?

Mike Abt: Entertaining, they're fun, people love them, brings them back, gives them something to do if they're not shopping, , many family's like to come here The husband might be shopping and the kids might be playing around with all our cool things going on.

Bill McCurry: And you're selling everything in consumer electronics, you've branched out recently, you've added bedding, right?

Mike Abt: Yes. The electronic business is getting tougher, a lot more people are getting into and we'll always do it and we'll do it well. We needed to carry some product that were maybe a little bit easier, a little less completion in town Bedding was one of those. Everyone needs to sleep on a bed. Our customers asked us to be in the business. So it was pretty easy to devote some space to it.

Bill McCurry: And you opened luggage, why luggage?

Mike Abt: We're very good at selling brand names or they kind of sell themselves. All we're selling now is Tumi luggage, but it's a brand name, people understand it. It's a fair product to sell for the retailer it sells. The main reason we sell anything is because it does sell.

Bill McCurry: But its fair product to sell for the retailer, what's that mean?

Mike Abt: Well you can help keep the lights on by selling it.

Bill McCurry: So there's adequate margin?

Mike Abt: Yes.

Bill McCurry: What you're saying?

Mike Abt: Absolutely.

Bill McCurry: Okay, is that true with your moving to health?

Mike Abt: Yeah, fitness is a great one,

because not only does it entertain people, it keeps them fit, so you're actually prolonging your customer's lives by selling fitness. And we mostly focus on a brand called Life Fitness and it's a Chicago based company, so whenever you can carry a brand that's in your hometown, they're really going to root for you and help you out with a lot of people and resources, so that's been a home run selling Life Fitness for us.

Bill McCurry: And you've gone into watches?

Mike Abt: Yeah watches is a little more esoteric. We really love the Wynn, Steve Wynn and the hotels around there and luxury items and watches are just another luxury item. It's a different industry than appliances, because you're dealing with Swiss companies and they're very precise, they're very demanding. We've learned a lot about selling from selling watches.

Bill McCurry: And security's a new area for you.

Mike Abt: Yeah that's a tougher one, a little more of a struggle, there's so many people doing security and you can go get a security system for free. That does cost forty bucks a month. We went into security to help our high-end customers who were getting their electronic audio system from us. These whole home systems and they asked us to be in that category too, so...



Bill McCurry: It's so hard to explain everything you sell, because there's not much you don't sell for the home. You've got complete kitchens...

Mike Abt: Yep.

Bill McCurry: ... right, washers, dryers and all of the consumer appliances for home and the David Abt Theater, explain that to us.

Mike Abt: Well we started carrying Bowers and Wilkins, which is a real



high-end brand speaker that we've tried to get for over 15 years and finally we got it last year and to celebrate, we teamed up with Bowers and Wilkins, which is a very high-end speaker brand and we built really the fanciest theater there is. It is so great sounding and a lot of companies have tried to get out of the home theater business. They don't want to devote such a big space. We figured out what would work best in our theater, Our theater cost \$500,000 and we won't sell one a month at \$500,000, but we will sell parts of that theater every month and it's a great, great experience for customers and non-customers alike to go in there and enjoy what it sounds like to be in the ultimate home theater. It's very open. It's very easy to get into. We have it tweaked all the time so it's always sounding right and looking good and it's really a different experience that most people are getting away from these days.

Bill McCurry: And when I walk in there, there's a sign that tells me it's a half million bucks and instantly there's a hundred thousand dollar add on I can pick?

Mike Abt: Yes. There's always add-on's. You're always got to push those too.

Bill McCurry: How does Abt push add-on's?

Mike Abt: Well mostly it's by having them in stock and making sure that customers know what they are. Often people come in to your store and they'll buy that TV, but they won't know all the things that go with it. , You do the



customer a dis-service if you're not explaining exactly what they need. In the past they might of bought a TV from you and gone to Radio Shack and bought the accessories, , We want to make sure that we deliver a product, so with the TV, we'll deliver the TV, we have the cable people at our store, we'll deliver the cable product ourselves on our own trucks, we'll make sure the wires are there, we'll make sure the DVD player's sold and a lot of things people need and a lot of times salesmen are scared to mention things, because they got the sale and they're feeling confident, but all that other stuff makes the experience so much better, so it's very, very important to make sure it's a complete experience and the guy doesn't have to go anywhere else once he buys it from you. And customers do expect that from us.

Bill McCurry: Your salespeople have a program where they get rewarded for doing add-on's?

Mike Abt: Yeah. Everyone's paid hourly which is different than most places, but by doing that you have a base pay where you can feed your family and buy food and all that. We do have a little bonus for everyone depending on what they sell and that just keeps people alive, it rewards people who do a little more work than others and it's a very fair system.

Bill McCurry: Fair is important to the family, isn't it?

Mike Abt: Oh yeah, well it's important in life in general, but yes we work with everyone and we always want to be fair.

Bill McCurry: You have signs throughout the store that says the answer to any reasonable question is yes?

Mike Abt: Yes, that's our motto, I mean that's in our service department, in our warehouse. It's right in front of the salesmen every day that sort of our employee handbook. We really want to say



yes to anything that's fair, anything that's reasonable. So it's very simple, but if you think about it, it's very elegant too and it works.

Bill McCurry: Your brother John was quoted as saying "you want the customer to walk in excited and walk out extremely happy".

Mike Abt: Anytime you're providing an experience to someone, you really want them to be excited and happy and for us we have one store, so people often drive 50 or 100 miles to get here and they're passing many stores that have the same product we have and for them to pay a few dollars less with us, isn't enough for a guy to drive here. They really want to get this great experience and say, I had a great experience and I'm going to tell my friends and that's what they do get when they come here.

Bill McCurry: How do you promote?

Mike Abt: Really our true way of promoting is word of mouth, what we offer is so different than what everyone else offers, if you come here we do not look like an appliance store, an electronics

store, we look like a kind of a wild, crazy hotel in Vegas, is what I feel we look like. I mean we have so many things that aren't related to what we're selling in our store. It's very classy, from how we cut the lawn, to how things are painted. We don't have a lot of signage. So we don't promote from within, we really promote our product. We promote ourselves. We do do advertising. A lot of vendors want you to advertise and they help you advertise, but word of mouth is everything to us.

Bill McCurry: You do a lot of things in the community, every brother has community events they're involved in or community organizations they're passionate about?

Mike Abt: Yes. Our customers are

passionate too. So we listen to customers. They're involved with a lot of things and if our customers are involved, we often are involved with something. There's a few charities that we really get behind and our biggest one is for autistic kids. That's where we have vendors help us and really get behind it. We all have good hearts and we all know that it's important to serve the community and we enjoy it.

Bill McCurry: You've got your own recycling center?

Mike Abt: Yeah, that's a great thing. We have many trucks on the road and they're all bringing us a lot of trash. There's really nothing called trash anymore. Just about everything that our trucks bring back can be recycled, so we have a big building where there's I think 12 or 13 docks. All our trucks back up into every day and we take off cardboard, that are boxes that are surrounding our appliances and TV's, we take the Styrofoam, recycle that, we recycle the paper,



all the metals, copper's worth a lot of money. We take that off and sort that separately and we recycle the plastic. So at the end of the day we have maybe two loads of garbage, a week, which is very little for what we go through and we have to pay to get rid of that, but everything we actually get paid for.

Bill McCurry: Are you doing it as a money maker or because it's the right thing to do?

Mike Abt: Both. So it actually is a big money maker at the scale we do it and it's positively the right thing to do, a lot of businesses bring us their product. We get a lot of appliances brought here that maybe we didn't even sell, they bring them back to us, just because have the center, so it works really well.

Bill McCurry: Christmastime you're a collection depot for toys?

Mike Abt: There's a lot of causes, in the world and we really listen to our employees so there's one employee who was behind Toys for Tots program, so he's gotten our whole company to get behind that and it's a great program, you just bring a toy in, that you might not like or just go out and buy one and he does all the work, our trucks bring it over to them and it's a real nice program.

Bill McCurry: And you give the customer \$20 gift card?

Mike Abt: Yes that's what we did last year. It started out with just an employee thing and it's now grown to the customers too.



Bill McCurry: Did the gift card help bring in toys?

Mike Abt: I think so, oh yeah, yeah no we wouldn't have gotten any toys from outside customers if - the employees were going to bring them in anyways, I don't even think we got gift cards, but yeah for the customer absolutely.

Bill McCurry: What's the future for Abt Electronics and Photo?

Mike Abt: In photo we want to grow, we're looking at the Chicago market and photo market in general and a lot of business is going to Amazon and Adorama, but all these little stores that have gone out of business in Chicago, it's important to be able to provide the service that they did so we see ourselves growing in photo, which has not been the trend over the last few years and getting more involved, carrying higher-end brands and forming more partnerships.

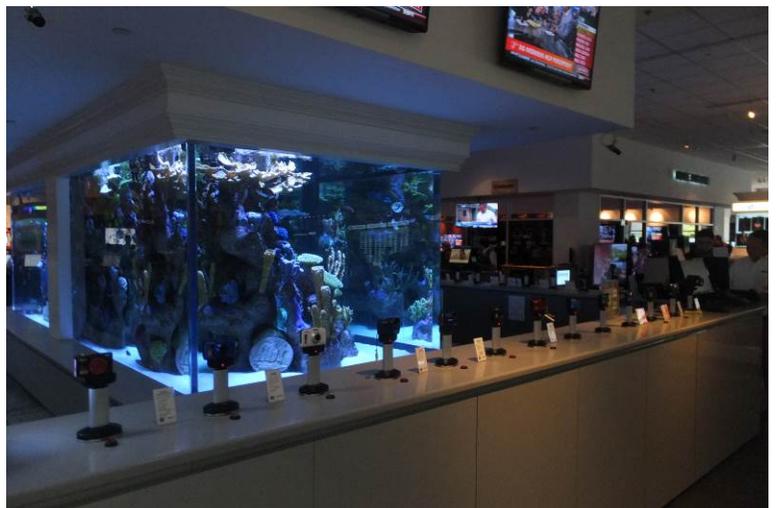
Bill McCurry: You offer classes now in photography right?

Mike Abt: Yeah we've been doing classes since - I started in '87, we had classes back then so we've been doing classes forever, the classes have changed from a basic camera in the old days to digital and processing things and understanding how to move data, yeah we've always offered classes and we'll continue to offer them.

Bill McCurry: Would you get into different kinds of things like maybe macro or studio lighting or portraiture or...

Mike Abt: Yeah we're working on that right now and another guy, Calumet, just went out of business and many people have

gone out of business who were doing that before, so I got a feeling that it will be a place where we'll be, a year from now.



Bill McCurry: Consumer reports generally writes about manufacturers, but four years in a row they've said you're the number one place to buy consumer electronics if you're a consumer.

Mike Abt: It's a great honor and it's not one we're allowed to promote, so we don't have signs saying that, although we wish we could, but Consumer Reports does sample their customers and yeah the last four years for an appliance store we've been the top place to go so we're very honored that it's that way and hope it continues.

Bill McCurry: And you've been very cautious when you answer that question so Consumer Reports doesn't get angry with you.

Mike Abt: Yes, you brought it up, not me.

Bill McCurry: Right, but I had one of your employee's comment that they could tell the day the magazine came out because the phone lines lit up?

Mike Abt: You always want to be number one if you can and it's very powerful, our customers are very educated and the guy who reads Consumer Reports is the educated kind, he's researching, looking into things, often product that's top rated will sell well and often the retailer who wins the top award does get some extra business and it's been helpful.

Bill McCurry: Well it certainly appears to me that you and the family have earned every bit of business you've gotten; it's a beautiful store and a great organization.

Mike Abt: Well thanks very much, thanks for the interview.

Bill McCurry: Mike Abt, thank you.

We value hearing your ideas, suggestions or comments . . .

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