

LCT

CLASS & STYLE ISSUE

LIMOUSINE, CHAUFFEUR

MARCH 2014 |

LCT Q&A EXCLUSIVE: **RICHARD KANE** SHARES HIS SOLID ROUTE TO SUCCESS



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International Limousine Service CEO Richard Kane has grown his company to 140 chauffeured fleet vehicles, 200 employees, and 450 affiliate locations worldwide.

Investing In A Capital Legacy

Operator Richard Kane's career spans growing up in a family business in Washington, D.C., running the city's largest limousine service, and helping lead an industry emerging on the national political stage.

By Martin Romjue, LCT editor

WASHINGTON, D.C. — When CEO Richard Kane was 12 years old, his CEO father already had him working around the house. Except, this employer would make sure young Richard learned a lesson or two. After Richard and his siblings finished their household chores and lined up to collect their pay each week, Kane Sr. “charged every one of us room and board. I remember asking, ‘What is room and board?’” Kane recalls. “His response: ‘Well, the room portion is your bedroom where you hang your Joe Theismann poster. The board portion is the food your mother prepares.’ It was that moment I realized the art of selling is not what you say, but how confident you say it to make the other party feel comfortable enough to go along with the craziness of paying room and board.” As a result, 10% of his earnings went to “room and board,” his father allowed him to keep another 10%, and the rest had to go into a passbook savings account. That was just the start for Kane, as he worked part time in high school driving and de-

tailoring the vehicles of his father's International Limousine Service. After college, when second generations typically move into the family business, Kane's father required him to work for transportation companies in other cities, where he cut his teeth and learned from his mistakes.

When he returned to International Limousine in 1998, Kane spent five more years learning the company before owning it. Since then, he has carried it all forward, growing it into the largest privately owned limousine fleet in the District of Columbia. Foremost, Kane learned to earn his way and prove the value of sound stewardship as a path to success. He recently emailed the below answers to questions sent by LCT:

Q: What are the origins of International Limousine Service and what have been key growth periods in its history?

A: Our family has been in transportation in Washington, D.C. since 1918 with my uncle founding The Kane Transfer Co., a trucking company. They were primarily a trucking service operator between Baltimore/Washington, D.C. My father worked

for his uncle from 1957-1969, before eventually starting his own trucking firm, The E.I. Kane Company. Over the next 30 years, several businesses were added to my father's business including Office Movers, Inc., now owned by my brother John, and Kane Construction, Inc., owned by my brother, Dennis. International Limousine was founded in 1971. I acquired the business in 2003 as part of a series of complicated transactions involving several assets in my father's estate. As Chairman and CEO, I retain 100% ownership today.

In my high school years, I had always worked my summer and winter breaks at International Limo mostly in the detail bay or occasionally driving. When I joined the company full time in 1998, our fleet consisted of 60 vehicles and 75 drivers. Our growth model was centered on increasing our rates to clients and that was about it. A fuller understanding would be to tell you that from 1990 to 2000 our revenues at International went from \$3.8 million to \$4 million with our largest client demographic make-up being DMCS, association meeting planners and special event planners. In summary, I felt all we were doing was

ringing the bell on the same clients every year. We made money and my father was generally pleased because he spent most of his winters residing in Palm Beach.

Raising rates to clients as a growth model never seemed to me to be the avenue to provide healthy income opportunities and advancement at any firm. So, I concentrated on broadening our client base to include more than just our core DMC and meeting planner base. We attracted corporate travel departments and facility shuttle service buyers by simply showing what they were not getting from their existing relationships. This approach brought new clients, grew the business, and now we're headed to break \$20 million in sales. Today, we are the largest privately owned limousine service in D.C. with 140 vehicles and 200 employees.



Kane's limousine service lies only two miles and nine minutes from the East entrance to the U.S. Capitol, and is fully licensed for point-to-point runs within Washington, D.C.

Q: What are successful ways and approaches to growing chauffeured clients and company revenues?

A: In a nutshell, you have to give the client what they want; a courteous chauffeur in professional uniformed business attire, a clean car and on-time service! Our chauffeurs are trained annually on our proprietary training program; which includes videos, on the job training and testing.

But you always have to think about the future. We've entered into the world of on-demand services and the legacy type pre-arranged fleet car services have generally been left out. But that is going to change in the next 12-18 months. Think of it as the movement many companies went through by rebranding themselves as a worldwide chauffeured transportation service. There are several on-demand software opportunities emerging to connect traditional pre-

arranged operators with each other — potentially forming the largest network of cars able to be seen on a smartphone, performing both pre-arranged and on-demand services. Get ready to rebrand. Developing and improving our technology will be needed to handle this unbelievable growth opportunity. One of our first steps we took was to put in place an on-demand app for customer use. Customers can now book a new reservation, search for active and past reservations, locate their driver on a GPS, and get rates all through their mobile devices. Although a private app now, we will soon be registering it with the Apple Store.

Q: What have been the primary avenues of client growth for your company?

A: Our focus has always been on providing high-end service to corporate clients and high-end clientele worldwide. The International Limousine Affiliate Network, managed by Teresa Stivers, has 243 network affiliates in more than 500 cities worldwide that provide car service to our clients.

Q: How do you adjust and transition a limousine company to accommodate strong, consistent growth?

A: The most important aspect of growing a business involves the people who work for you. Are they ready to have 20% year-over-year growth? Are they ready for an acquisition? If your team isn't ready, the probability of failure is so great that you will even lose your original client base in the meantime. As an example, we took a big account from a competitor simply because they were not providing the same service levels in their call center prior to an acquisition they had made.

To succeed in this or any business, you have to continually educate yourself. I've spent more time learning what doesn't work rather than what does. Everyone makes mistakes, you learn and move on. Anyone can grow a business; it's the smart ones that can retract during a recession. As an example, after the attacks on 9/11, we only laid off one employee, and during the 2009 recession, none.

My advice to colleagues is, 'Ask yourself what you are doing today differently than three years ago?' I don't know yet, but I'm learning.

Within the ranks of our industry, our company is considered a leading player. However, I always think, how do I take it to the next level? I have dedicated my continued personal education to executive leadership growth. One of the more profound professional decisions I made was to join the Young Presidents Organization



Nine-year-old Richard Kane hands Pope John Paul II communion wine during an outdoor Mass in Washington D.C. on Oct. 9, 1979.

(YPO). YPO members are a group of successful entrepreneurs and highly educated business executives. I have aligned myself with this group to learn the key elements of strategic thinking and then apply these concepts to my business. To learn more, I joined the executive committee and now am the Chair of the YPO US Capital Chapter. As part of my continuing education, I belong to a 20-member Limousine Entrepreneur Group, among the most sophisticated operators in our industry. This is an invaluable experience that keeps me ahead of my competitors.

Q: What practices and service techniques place a limousine company into the five-star luxury category, as defined by Ritz and Four Seasons?

A: Listening to what the customer wants

FASTFACTS
INTERNATIONAL LIMOUSINE SERVICE INC.

LOCATION: Washington, D.C.

FOUNDED: 1971

OWNER: Richard Kane, President & CEO

FLEET VEHICLES: 140

VEHICLE TYPES/BRANDS: Cadillac limousines, sedans and SUVs, Mercedes-Benz S550 sedans and Executive Sprinters, vans, mini-buses, hybrid buses and hybrid sedans.

EMPLOYEES: 200

KEY EXECUTIVES/MANAGERS: John Schmidt, EVP and COO; Mike Pfabe, CFO; Joan Silverman, VP/administration; Bill DiGregory, VP/fleet and safety; Teresa Stivers, director of sales

EST. ANNUAL REVENUES: \$18 million

CLIENT RATIO: 80% corporate; 20% leisure/retail

KEY SERVICE REGIONS: District of Columbia, Maryland and Virginia (largest affiliate markets Miami, New York & Boston, San Francisco, Los Angeles, Chicago)

AFFILIATE LOCATIONS WORLDWIDE: 500 cities with 243 operator affiliates

WEBSITE: www.internationallimo.com

CONTACT: (202) 388-6800

is our number one priority. Our corporate culture is based on the simple concept of courtesy. Our business practices center around this objective. Much like the Ritz, Disney World, and retail companies such as Amazon, who have based their success on their high levels of customer service, we expect the same high level of service from our employees. The Ritz Training Way is ladies and gentlemen serving ladies and gentleman. Our service model is based on this premise; consistency in training programs, coaching, executing and surveying our results to ensure that we are following our best practices and company philosophy.

Q: What have been some of the major achievements and successes you've observed and participated in as an NLA leader?

A: When I was elected the NLA President (2008), I became immediately frustrated with the legislative program. I would attend meetings with our lobbyist group and they had no idea why we were there and in many cases we went in blind to meetings without a warm relationship to introduce us. Frankly, we were spending membership money with little or no return. In a rather controversial move, I brought in lobbyists from Washington, D.C. who had deep rooted relationships that the NLA didn't have. Along the way, we broke a little glass, but I remained confident it was the right move.

Q: As an operator in the nation's capital and as an industry leader, what do you foresee as primary political and regulatory challenges ahead for the U.S. chauffeured transportation industry?

A: Although the Dept. of Transportation (DOT) and the Federal Motor Carrier Safety Administration (FMCSA) are prudent with their regulations for the safety of the general public, they are attempting to implement regulations and EOBR's requirements (on-board DOT hours of service dash-mounted monitors in fleet vehicles) more suited to over the road drivers. That is worrisome for our industry which mostly provides local services. We've already seen the requirement of the medical card for drivers of nine or more passenger vehicles. I expect that more regulations will be placed on chauffeurs.

Q: What are some of the unique and interesting experiences of running a limousine company close to the U.S. Capitol?

A: The Presidential Inauguration and International Monetary Fund meetings are

easy check-off boxes that are regular business events for International Limousine. What was really cool was when we were selected to be part of Pope Benedict's motorcade when he traveled to Washington D.C. in 2008. Several of our chauffeurs were actually blessed by the Pope. That was exciting for the chauffeurs to be part of that experience. International Limousine was also fortunate to chauffeur Mother Teresa when she would travel to Washington, D.C. In fact, I still own the 1995 Cadillac limousine parked in my garage, which will never be sold.

Q: What have been some of the biggest challenges and satisfactions of building on a distinguished family legacy?

A: My Dad left a wonderful legacy of building trust and loyalty with his employees. He instilled in me many good qualities I believe have paid off. He hired from the community and enjoyed mentoring inner city youths from entry level washers to full-time, five-day-a-week jobs and taught them what it meant to have a good work ethic. This approach helped to build the business and I continue to follow this same practice. Our most senior driver has worked here more than 20 years, and the average length of service is five years.

Q: After meeting Pope John Paul II when you were nine years old, how does faith now help and influence your business and leadership career?

A: Having personally greeted the Pope in 1979, I felt a great affinity for Pope John Paul II as I grew up with him as a spiritual leader of the Catholic faith. My faith has always been an important part of my life. My children attend Catholic schools and my family attends Mass each week. My faith has taught me patience, integrity, honesty and to be a charitable person. These are all traits that every



As part of a large extended family, Richard Kane puts a priority on time spent with wife, Ann, and children, Claire and Patrick.

great leader should hold close. I believe that my staff sees this in me and they know where I stand in my virtues. These attributes allow me to lead effectively.

Q: What lifetime experiences have motivated and inspired you to choose your career in the limousine industry?

A: We had nine children in my family. My father ran his family as he did his business. We all had hourly jobs to do around the house and we lined up on Sunday evening to get paid. This taught us to provide for ourselves and cultivated a good work ethic. But it seemed that some of us didn't have the same learning curve, and two of my brothers "didn't make the cut." They were actually relieved from their duties when brought into the family business. Not to worry, they moved on and became successful businessmen and community leaders. As a result, my father suggested I work for two other transportation companies in Atlanta and New Jersey. His rationale was to make the amateur mistakes on someone else's payroll. That I did. Those life experiences solidified my decision to join the family business. **LCT**

RICHARD KANE

TITLE: Owner/CEO, International Limousine Service

AGE: 44

RESIDENCE: Potomac, Md.

FAMILY: wife, Ann; children, Claire and Patrick

EDUCATION: BS Degree, Mt. St. Mary's University, Emmittsburg, Md. (1992)

NLA ROLES: Board of Directors, 2007 — present ; NLA President, 2008-2009; 1st Vice President, 2009-2013; current co-chair of Legislative Committee and Management Oversight Committee.

AWARDS/ACCOMPLISHMENTS: 2009 LCT Operator of the Year, 2013-2014 Chair YPO US Capital (Washington, D.C. chapter of Young Presidents Organization); *Bethesda Magazine* (Bethesda, Md) Top Vote Getter for Limousine Company; member of the Washington, D.C. Economic Club.

HOBBIES/INTERESTS: family, family travel, golf and fitness