

# He manages to keep his business rolling

Midtown Tire CEO Tony Sagona has weathered a tough economy and mild winters



By VELVET SPICER

The tire business may not be glamorous or sexy, but in his four decades in the industry, Tony Sagona has had more than his share of excitement.

From locations in somewhat dodgy neighborhoods to areas precarious enough to warrant that police stations keep their doors locked, Sagona has sold tires in some fascinating locales. But as president and CEO of Midtown Tire Inc., the 64-year-old laughs off that sort of thing.

The weather worries Sagona most.

"We spend nine months focusing on three," he says of the season when his industry is busiest.

Roughly 40 percent of his Rochester inventory is snow tires.

"I get two weather alerts on my phone every morning," he says with a laugh.

Midtown Tire has sold more than 400,000 tires annually to some 3,000 customers despite mild winters in Upstate New York over the last several years. The company stocks 80,000 to 120,000 tires—ranging from 8-inch wheelbarrow tires to oversized, off-road tires—at its warehouses in Rochester, Buffalo and Syracuse.

"Midtown Tire is known as the go-to wholesaler for both standard and specialty sizes in Upstate New York," Sagona says. "You have to have a shotgun service level. Joe Consumer has no patience. They want it right now, or they're going to go down the street."

Midtown Tire employs about 90 people, including 50 at its 105,000-square-foot facility on Brighton-Henrietta Town Line Road in Henrietta. The company serves dealerships, collision shops, repair shops, independent tire dealers and gas stations throughout Upstate New York and northern Pennsylvania.

Midtown Tire was founded by Dick Henry in 1962 as an offshoot of Fincher Motors Inc. When Henry's salespeople sold Oldsmobiles, they would persuade buyers to purchase better tires. The standard tires gathered dust in Fincher Motors' parts room until Henry began selling them to car dealerships to put on used vehicles.

Henry expanded his relationship with Dayton Tire, a division of Bridgestone/Firestone Inc., and began wholesaling tires. In 1965, Midtown Tire moved to a warehouse on St. Paul Street. In 1978 the company moved to a larger warehouse on Forbes Street in the area of Chili and Gardner avenues.

While Midtown Tire was establishing itself, Sagona, who grew up in Buffalo, was getting started as a mechanic at gas stations. After high school he attended SUNY Buffalo and earned an accounting degree in 1971. From 1970 to 1976 he was in the Army Reserve and for a few years he worked as office manager at a Chevrolet dealership in Grand Island, Erie County.

In the mid-1970s Sagona took a job with General Tire and Rubber Co. in Buffalo, where he worked in both retail and commercial sales. Meanwhile, Henry had sold

Fincher Motors and moved to Geneva, where he had an Oldsmobile and Pontiac dealership. A mutual friend introduced the two, and in 1983 Sagona arrived at Midtown Tire as a partner and general manager.

In 1990, while working with Henry and other partners in the business, Sagona opened a Midtown Tire location in Buffalo. Six years later, the Rochester facility was relocated to a larger space on York Street. In 2004, the company added a warehouse on Maple Street in Rochester, and the following year it opened a facility in Syracuse.

Sagona gradually had been buying out his partners in the business, and when Henry died in 2006, Sagona took over ownership of Midtown Tire. Four years ago he consolidated the Rochester locations and moved the company to the former BJ's Wholesale Club in Henrietta.

## Overcoming challenges

While Sagona declines to discuss revenue figures, he says the company has seen steady growth throughout his time at Midtown Tire, despite increased competition and complications that arose in the broader economy.

When gasoline hit \$4 a gallon in 2008, the automotive industry and related businesses felt the brunt of it.

"In the industry, miles driven is a key to our business, because the more you drive, the more you consume tires," Sagona says. "Historically, miles driven had gone up month after month, year after year. When gas hit \$4, miles driven went down."

Drivers, for the most part, have not returned to their pre-2008 habits, Sagona laments.

"It really stymied tire volumes across the country. They hit a wall," he says.

The price of gas also has affected Midtown Tire elsewhere: With 50 delivery trucks on the road every day, the company has had to deal with higher operational costs.

A further difficulty is recent mild winters in which fewer customers are buying snow tires.

"It's a challenge. You can pass some of the costs along, but we're all suffering with lower margins," Sagona says. "You find a way to be more efficient."

Moving into a more efficient building has helped control overhead, and Chief Financial Officer Dave Smith says the company has taken a proactive and creative approach wherever possible to reduce expenses.

"We implemented an energy program where we installed high-tech, energy-efficient lighting in our warehouse, which has had a payback period of less than two years," he notes. "We've upgraded our computer printing programs, trying to reduce paper costs."

Year-over-year revenue growth at the company should be credited to Sagona, Smith says.

"Obviously you've had the downturn in the economy to deal with, the rise in commodity prices, which affects raw materials; we had to deal with a Chinese tariff with

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some of the lower-end tires. We've had a lack of winter for the most part for the last two or three years, which is a significant part of our business," he says.

"I think what Tony is good at is he leverages industry trends," Smith adds. "He stays on top of it, and I think that helps him as much as he can try to predict future business trends rather than just reacting to them."

Creative belt-tightening has meant no layoffs at Midtown Tire, Smith notes.

Where the company does not cut back is service. It is what sets it apart from the competition, both Sagona and Smith say.

"It's about the relationship," Sagona says. "Everybody can have the same price. We have very quick turnaround on orders."

Because Midtown Tire carries products from a variety of manufacturers—including Bridgestone, Firestone, Toyo and Noki-an—and has so many different sizes of tires in stock, it can deliver on the same day in many cases, Sagona says.

"It's allowed me to beat up on the competition," he says. "I have built this business on service, relationships."

The company's success is a result of many things, he adds, including its loyal employees.

"There's a lot of teamwork," he notes. "And nobody leaves."

Many of Midtown Tire's employees have two decades or more with the company.

"It's because Tony takes care of his people," says John Callahan, a 26-year veteran salesman.

#### Management style

Sagona is a self-described KISS—Keep It Simple, Stupid—manager.

"Hire the right people, and give them enough rope," he says of his leadership style. "It's a very simple business, like most

### Tony Sagona

**Position:** President and CEO, Midtown Tire Inc.

**Age:** 64

**Education:** B.S., management accounting, 1971, SUNY Buffalo

**Family:** Wife Laurie; son Anthony, 35; daughters Michelle, 31, and Lindsay, 29

**Home:** Webster

**Activities:** Golf, travel, family, gardening

**Quote:** "Hire the right people, and give them enough rope. It's a very simple business, like most businesses are. Don't complicate it. Focus on the customer. Focus on the people. It just is what it is."

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CFO Smith calls Sagona an optimist and a good leader.

"He's very energetic. I think he takes good care of himself physically and emotionally because it's a stressful position he's in," Smith says. "He's a good leader because he's a good listener. He listens to customers; he listens to employees, to suppliers."

Callahan adds: "He seems to allow the salesmen that are good at what we do to continue to do that. He seems to invest a lot of his time in the business, and he knows quite a bit. Instead of being an out-of-town owner, he's there day to day and working on any problems we have and addressing them on the spot."

Longtime attorney and close friend Thomas Blank says Sagona is laid back in managing employees.

"He is not an A-type outwardly, although he is a worrier," Blank says. "He expects his people to function in the roles that he's

given them without direct oversight. He's got facilities in Buffalo, Syracuse and Rochester, and he can't be in all places in all times, so he tries to put the right people in the right place."

Sagona says his strengths are that he is steady, calm and even-keeled. He also tries not to micromanage.

"There are moments," he says. "As you get older, what happens? You learn it. You mature. As you mature, you mellow a little bit. You're a lot less knee-jerk."

Having long-term employees and managers helps, he says.

"I use the word 'empower.' These guys know what I want. They know what's going to make the customer happy," Sagona says.

Still, finding younger employees who want to stay with a company for many years can be tough.

"It's really been a challenge," Sagona says. "We're not a glamorous industry: Tires. Round and black. Hold air."

The best part of his job, Sagona says, are the relationships he has developed with vendors, as well as planning for future growth. His short-term goals for the company include continued sales growth and possibly

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upgrading Midtown Tire's Syracuse facility.

In addition, Sagona is looking at environmental issues surrounding tire production and sales that could affect the brands and types of tires the company sells. Manufacturers have researched guayule as a substitute for natural rubber. More recently, the Russian dandelion or rubber root has created a lot of interest.

Sagona's biggest accomplishments include moving the Rochester division to a

first-class distribution center in Henrietta and being appointed last year as chairman of Del-Nat Tire Corp., a worldwide tire purchasing co-op.

But Sagona says he is proudest of his family and his wife, Laurie, who has changed his life.

He takes satisfaction in "getting our family together, seeing our children enjoy their relationships and watch our family grow."

#### Off the job

While he once dreamed of becoming a construction engineer—and his wife gave him a hard hat for a recent birthday—Sagona is content with the direction his life has gone.

The couple lives in Webster. They have a son, Anthony, as well as two daughters, Michelle and Lindsay.

The Sagonas are active with Catholic Family Center, and they also enjoy traveling. On a trip to Costa Rica, Laurie tried ziplining through the jungles and he climbed a volcano, something he never thought he would do.

Sagona also enjoys golf and gardening. He collects baseball cards and considers himself fortunate to have saved some 3,000 cards from the 1950s, when most kids put them in the spokes of their bikes.

"I've got two Roberto Clemente rookie cards," he says. "I was fortunate that my mother didn't throw them out. I thank my mother; she saved them all in a shoebox."

Blank says that while Sagona has hobbies and loves, two things are always on his mind: new-vehicle sales and winter weather.

"When you get to the fall, the first thing out of Tony's mouth is 'Where's the snow?'" Blank says with a laugh. "When there's snow, that brings people into his facility and dealerships to buy tires. He's like the ski resorts; if ski resorts are happy, then Tony is happy."

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