

PROFILE

Coatings company grows by serving auto body shops

By JIM MARSH
Business Journal Correspondent

From 2000 to the present, Kline's Auto Inc., an Allentown company that provides high-quality automotive and industrial coatings to customers in Northeast and Central Pennsylvania as well as in Northern New Jersey, grew about 108 percent, its president said. Revenues went from \$7 million to \$14.5 million for the latest one-year period. Sales from May 2007 to May 2008 were up about 5.5 percent.

Two challenges, both related to the run-up of fuel costs, are testing the firm's ability to keep up its aggressive growth, according to Robert Barnett, Kline's president.

One challenge: "Body shops gain business when a collision occurs," Barnett said. "Current indications are that people are driving less as a way of coping with high fuel costs. Will this mean fewer collision incidents and a contraction of the auto body business? Right now, we just don't know."

Barnett added, "Right now we are optimistic."

He explained that because Kline's is a big player in its niche, the firm's size is a competitive advantage. Because of the large amounts of supplies it buys, Kline's has been able to have manufacturers deliver directly to the company's distribution points, allowing Kline's to close its warehousing facility in Phillipsburg.

Of the other challenge, Gribben said, "The increase in fuel costs has put a huge burden on us, but we have not passed those costs on to our customers."

The company's fuel costs have increased from about \$10,000 every two weeks to almost \$20,000. With a fleet of 50 distribution vehicles that are constantly in motion to provide most customers with two deliveries a day, Gribben said fuel costs have doubled in the past year, cutting into the company's profit margins.

"We are getting fuel surcharges from our suppliers, but we have not done that to our customers," Gribben said. "Nobody wants to be the first to do that. If we would have been able to have those dollars go to our bottom line instead of to fuel costs, we'd really have been in a great position."

Headquartered at 630 N. 13th St. in Allentown, Kline's Auto serves a narrow niche mar-

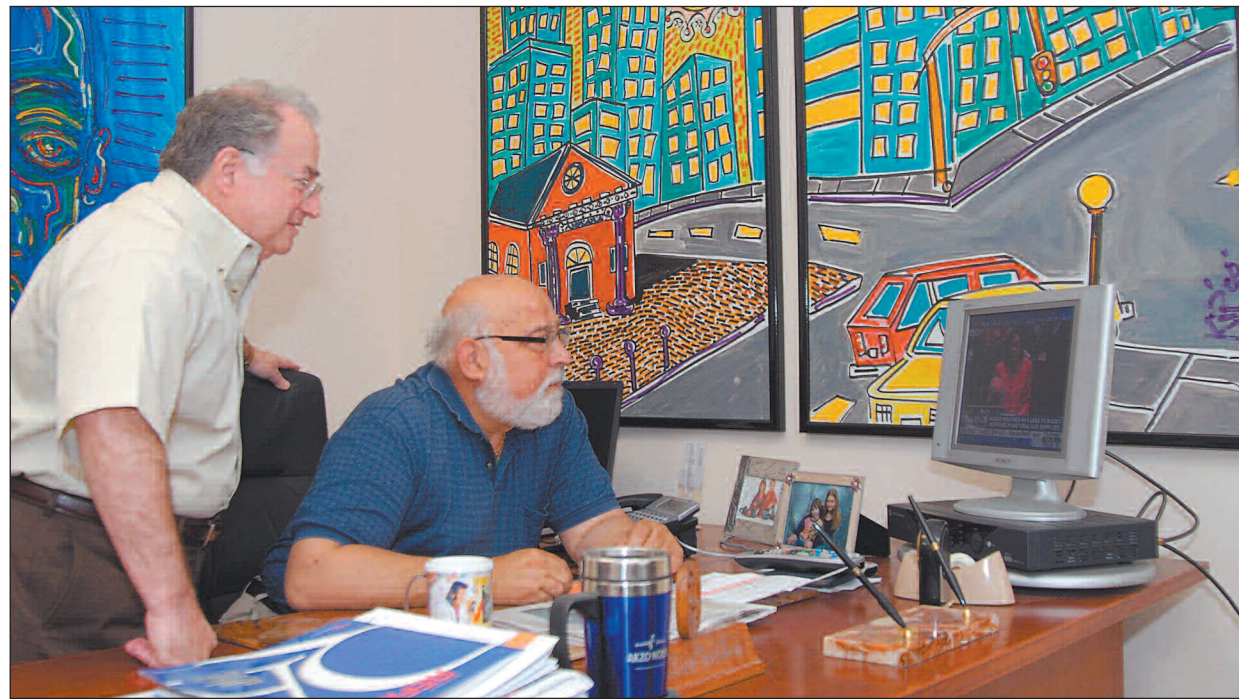


Photo by Jim Marsh
Kline's Auto Inc. Chairman and CEO Allen Gribben (seated) and President Robert Barnett check the latest fuel costs on the Internet.

ket composed mainly of auto body repair shops that require paint and coatings that will be resistant to extreme weather and other environmental conditions. Various abrasives used in auto body work are also available from Kline's Auto.

Similar high-quality coatings are available for industrial applications, such as coatings on football helmets and other sporting equipment, as well as electrical components and supplies.

Among the value-added services the firm supplies, Barnett said, is direct access to manufacturing information for every product line, a generous return policy, and the flexibility to tailored training and use programs to each shop's individual needs. Kline's also offers clinics and other training opportunities to its customers, as well as access to technical bulletins, regulatory changes and new product previews.

Allen Gribben, Kline's chairman and CEO, said he sees the company's work force as a competitive advantage.

"Our people are extremely well-educated. We send them to a lot of training schools," Gribben said. "If a manufacturer requires 50 hours of training, we normally provide three times that amount of training and education for our people."

The executive added that Kline's has "long-time employees with an average of 15-20 years of service with our company. With a well-educated and well-compensated employee base, we can be very independent from our manufacturers. We prefer to do all the servicing of our customers needs ourselves."

Computer technology has also allowed the company to cut its expenses over the past several years,

"Current indications are that people are driving less as a way of coping with high fuel costs. Will this mean fewer collision incidents and a contraction of the auto body business? Right now, we just don't know."

~ Robert Barnett,
Kline's Auto Inc.



Photo by Jim Marsh

Stephen Owens (left), Allentown assistant store manager at Kline's Auto, makes a final invoice before driver Larry Shaw makes a customer delivery.

Business basics

KLINE'S AUTO INC.

- **Principals:** Allen Gribben, chairman and CEO; Robert Barnett, president
- **Address:** 630 N. 13th St., Allentown
- **Telephone:** (610) 434-7470
- **Fax:** (610) 433-5417
- **Web site:** www.klinesauto.com
- **E-mail:** robertbarnett@klinesauto.com
- **Number of employees:** 70
- **Number of locations:** 7
- **Years operating:** 70

Barnett said. "We are almost 95 percent paperless," Barnett said. "The only paper we use is a bar-coded invoice, which comes with the product delivery. The customer signs that invoice and provides an electronic signature scan, and that invoice is the only paper we generate."

For the past two years, the firm has been concentrating on organic growth, Barnett said. "We don't meet 100 percent of the needs of any of our customers," he said. "If we are leaving 10 percent of business at an account, we are asking our field people to try to pick up more of that business rather than just look for new business."

About the company's partnership relationships, Gribben said "The important thing to remember about Kline's Auto is that we work for our customers. We don't just sell them paint. We try to make them as profitable as possible so we can grow along with them."

If you would like to have yourself or your business considered for the Profile tell us what makes you or your business unique, what you have done to create a niche in your particular industry or what you have done that has made a difference. Send information to John L. Moore, Editor, EPBJ, 65 E. Elizabeth Ave., Suite 700, Bethlehem, PA 18018. You also can send an e-mail to john.m@epbj.com.

Kline's Auto celebrating 70 years of service

The Allentown company known as Kline's Auto Inc. began as Kline and Casher Auto Body Supplies in 1938 when David Kline and Harry Casher began selling auto body supplies at 610 Linden St.

After creating markets in the Allentown and Harrisburg areas, the two split the company in 1941, with Kline staying in Allentown and Casher moving the Harrisburg. The Allentown facility was renamed Kline's Auto Body Supplies.

David Kline's son, Nathan took over the business in 1964. He moved it to its current location at 630 North 13th St., and renamed it Kline's Auto and Industrial Supplies Inc.

As the business grew, locations were added in Hazleton and Reading.

In 1971, shareholders Allen Gribben and Roger Kuhn acquired Kline's and

grew it by 2000 by a factor of 10, with 33 employees servicing its market.

In mid-2000, an acquisition of Barkay Enterprises Inc. brought Robert Barnett in as an owner, and distribution points were added in Stroudsburg, Bethlehem and Phillipsburg, N.J. For the sake of brevity, the company was renamed Kline's Auto Inc.

Kuhn died in 2004, leaving Gribben and Barnett to continue the firm's growth process.

Kline's Auto has been successful for 70 years, the owners said, because the firm owners has treated their customers as partners and helped them to grow their businesses.

"At Kline's Auto, we pride ourselves on our customer service," said Barnett, who is the company president. "We don't just sell our customers paint and auto body supplies. We offer them value-added service."

By Jim Marsh