

Hank Armour prepares for a new  
role as NACS president and CEO.

# A LEADER FOR TOMORROW





When Kerley LeBoeuf became president and CEO of NACS in 1981, the association had equity of a little more than \$1,200. Today, it has more than \$12 million — plus another \$5 million in value of its new office building in Alexandria, Virginia. Attendance at the NACS Show 1981 in Reno, Nevada totaled about 2,400. At this year's show, attendance is expected to have totaled roughly ten times that once final counts are available. And so on.

But, after 24-plus years leading NACS, as announced earlier this year, LeBoeuf will retire in July 2005.

On September 22, the NACS Board of Directors unanimously endorsed the selection of Hank Armour as the association's new president and CEO.

Having grown up working in his family's retail-automotive and wholesale-transportation businesses, Armour later rose to become vice president and chief operating officer of Armour Oil Company in 1977. From 1980 to 1982, he served as manager of development strategies for the Standard Oil Company of Ohio. Armour founded West Star Corporation in 1982. He sold the chain, including its Subway foodservice division, to Longview, Washington-based Wilson Oil Inc. earlier this year, but continued as president and CEO of Epoch Corporation, a two-unit convenience store chain in northern California. Armour had been a member of the NACS Board of Directors since 1994. Among his many NACS leadership roles were two one-year terms — in 2002 and again in 2003 — as chairman of the Board.

Armour talked with the *NACS Magazine* about answering the call to lead NACS, his vision for the future of the organization and his approach to leadership.

**Your new role as president and CEO of NACS appears to be quite a shift for you, both personally and professionally. What attracted you most to the position?**

I have a great passion for our industry. I love convenience retailing and the people involved in it. I think we have an amazing group of risk-taking entrepreneurs at the core of our industry, and we have a group of manufacturers and distributors who see the ever-increasing consumer demand for convenience, the vibrancy of our channel of trade and its increasing importance. I'm very excited about the opportunity to continue to serve the industry.

**What are the most important aspects of the role of president and CEO of NACS?**

Having been chairman of NACS, I'm acutely aware of its governance structure. This association is led and governed by its elected leadership. The president and CEO is responsible for leading the enterprise, the operations of NACS, but let no one be mistaken as to who sets the external policies, positions and strategic direction of this association. It is the membership of the association that does that through its elected leadership. I think that's the most important aspect for members and for the staff and CEO to understand about the role of president and CEO.

**What similarities can be drawn between running the business of NACS and operating convenience stores?**

It's all about serving customers. In running convenience stores, it's having the right products at the right time, in the right location, at the right price. With respect to NACS, it's serving our membership and serving the industry. It's listening to what our customers, our members, our industry wants and needs and delivering on those wants and needs, whether it's effective representation on Capitol Hill with respect to legislation and regulation, educational products such as Employee Selection Tools and Labor Budgeter or data in our *State of the Industry* report.

I think the other similarity is that it's all about people. It's about leading organizations, building consensus and providing a vision and a direction for where we need to go. That's all about teambuilding. It's all about shared values. It's all about creating a cohesive team of talented people. And you need that regardless of the endeavor.

**You have begun an ambitious travel schedule to visit stakeholders in NACS. Describe your activities in the coming months in that regard for readers.**

From now until sometime in April, my real focus is to visit all of our current



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— HANK ARMOUR

board members, some of our past chairmen, some of our most important suppliers, Hunter Club members, the trade press and other trade associations. The activity is to visit, sit down eye to eye and to build relationships between myself and NACS and those constituents.

From April on, the focus will shift to Alexandria and to the internal stakeholders there, our team.

**What do you hope to learn from those visits?**

Perspective. These visits are not much about me talking. It’s all about me listening. The purpose of this is to give me as broad a perspective as possible so that as I become president and CEO, I’ll have a very cogent view of where NACS fits.

I need to have a good view of the most important things that we need to maintain, things that we’ve done very, very well. We must not take our eye off those balls. Then, I’d like to hear ideas to elevate NACS to a new level.

NACS has a great deal of respect for individuals and other organizations, and it’s important for our members, our industry and other associations to have respect for the noble cause that NACS is pursuing, which is the effective representation of our industry.

**A lot is made in the business world of the importance of the CEO’s first 100 days. What will be your goals and priorities in the first 100 days beginning July 12, 2005, when you officially become president and CEO of NACS?** In answering that, I think it’s important to point out that NACS is an exceedingly

successful association. This is a strong association financially. It is a very effective association.

Just look at the huge victories that our government relations staff and our Government Relations Board Committee and our members achieved on Capitol Hill with the new tax bill, the three-year repeal of the Special Occupational Tax (SOT) on alcohol and overtime regulations. Equally important, we fought and were successful at defeating attempts to have the Food and Drug Administration (FDA) regulate the marketing of tobacco products. We’re coming off of the most successful annual meeting that we’ve ever held in Las Vegas.

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Obviously, NACS has a great team. I need to become a part of that team. I need to build the trust of our internal team in me, and a big priority is for my colleagues at NACS to get to know me and to establish a strong relationship with them.

**You talked about taking over this remarkably successful organization. You’re obviously a person who has performed at an extraordinarily high level for your entire life. It will require a great deal of humility to take over an organization that doesn’t require fixing.** Absolutely, but that’s not my personality anyway. My personality is driven by achieving, not by the recognition of that achievement. If you were to go back to the people I’ve worked with at the organizations I’ve built in the past, they would

agree that it’s all about common visions, climbing mountains together. I don’t have a very big ego. I get a rush, a thrill, when I can help take a group of people to a place that none of us individually could get to.

In a period of transition, good people recognize that there’s an opportunity take the organization to a new level. Once we get on a track, it’s hard to get off the track. It was Will Rogers who said, “Even if you are on the right track, you’ll get run over if you stay there long enough.” So, you always have to keep your eyes wide open.

In any transition, you have maybe a year or two of enhanced acceptance of change. My goal of listening is to find out if there are areas in which we can trim the sails a little bit over here to move the organization faster. Are there areas where we need to change the course by two degrees? I think I’ll hear some of that. I don’t have any preconceived notions or preconceived ideas.

**One NACS initiative that is gaining traction is to involve the international community in NACS and to become involved internationally as an association. What will be the benefit to NACS members of that initiative?**

We live in a global world. Trade barriers have disappeared. Information technology not only allows capital to flow ubiquitously around the world in an instantaneous fashion, but so do thought processes and consumer demands — they’re global now. The international initiative of NACS is not so much about bringing international people to NACS to educate them; rather, it is to bring them

here so we can educate ourselves on what is happening in the rest of the world.

NACS has to participate globally. We had a very successful International Forum last month at the NACS Show in Las Vegas. Retailers from 12 countries and representatives of six trade associations were involved in addition to a number of global suppliers. It's important to craft how that International Forum is going to evolve and get on with it as quickly as possible. We have tended to do this once a year at the NACS Show, and I think we need to accelerate that initiative.

**While you were chairman of NACS, the Board of Directors developed what it called the 'NACS Platform' to address fundamental shifts in the industry and to direct the NACS staff as they addressed those shifts. How has NACS delivered on that platform, and to what degree will its premise continue to provide direction to you as CEO?**

The development of the platform was really driven by having some very focused goals and objectives to guide us over time. And there were some key elements of the platform.

One was to defend and grow our core categories. That helps us to say, 'Let's focus on some core categories here and let's make sure we don't go backwards.' Whether it's on motor fuels, tobacco products or, increasingly, on foodservice, those are the categories that brought us to the table. Let's not lose sight of that, and let's not take our eye off of those balls.

The second critical element was, 'How do we find new categories to grow our sales?' In some of these core categories, like tobacco products, we may not be able to grow. We continue to increase our market share in tobacco products, but the entire category is declining two or three percent a year and it's going to continue to decline at that rate. Recognizing that, we need to focus on how we can use our real estate to effectively find new sales and new categories. I think part of the international and global thought process that I just mentioned plays a role there.

The third element of the platform is what we call the 'employer of choice' element. It is to make sure we're focused on the people part of our business. At the end of the day, the most important element of any business is the eventual, final interface with the customer — the face-to-face interaction. So, we're continually looking at tools to enhance our members' ability to deliver great customer service.

The fourth critical element in the platform is supply chain. We are a high cost-to-serve channel of trade. We need to do everything we can to reduce that cost so that we don't lose ground in relative competitiveness with other competing channels of trade — hypermarkets and supermarkets and drug stores and mass merchandisers. Our commitment to the development and implementation of technology standards is an example of our work in this area.

**What measures are most important to assess the value of NACS to the industry?**

I think NACS has a responsibility to do a couple of different things for the industry. Some are easily quantifiable and some are not. We certainly have a responsibility to represent the industry on Capitol Hill, to forestall new legislation that's going to cost our industry money and to introduce legislation that can improve the profitability of our industry. So, clearly, one way to assess the value of NACS to the industry is measuring how it delivers on that government relations objective.

This past year has been a huge victory for NACS government relations, with

successes in SOT repeal and defeat of FDA regulation of the marketing of tobacco products. A few years ago, NACS was successful in changing the depreciation schedule for gasoline canopies.

Another NACS responsibility is education and training, particularly on industry-specific needs, such as the appropriate techniques on selling age-restricted products. NACS led the way in creating the Techniques of Alcohol Management (TAM) program more than a decade ago, and the Board approved additional funding this year to bring that up to date and enhance it.

The mere launching of the NACS credit card processing initiative brought fees down for the entire industry, because the competing processors dropped their fees on contracts. That's exactly what we wanted to happen. Whether NACS gets more stores on board on our program or not, and sure we'd like that to happen, it's important not to lose sight of the benefit we delivered to the entire industry in creating a more competitive environment.

I think the final area where NACS has a responsibility to our industry is providing information and data to allow our members to benchmark themselves, not just against the rest of the industry, but as we have increasingly done in the last few years, to allow them to benchmark themselves against the top performers in the industry. Who wants to be average? I don't want to be average. I never wanted to be average in my life. I want to be the best I can be. So, I want to compare myself not to the average; I want to compare myself to the best. NACS has provided those tools through the annual *State of the Industry* report.

So, those are the ways that NACS provides value to the industry. Some are easily quantifiable, some are not, but I think they're all of great significance in terms of value to the industry. ○