



Nordstrom's Automotive
Inc. updating operations.
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Contact: Jeff Eckhoff
(605) 367-5757
jeff.eckhoff@usd.edu

Auto recycling company expanding Work begins on \$4.5 million update at Nordstrom's

GARRETSON, S.D. – A small fire in 2012 prompted Shannon Nordstrom to think bigger and longer term about increased building needs at his family's auto recycling and parts business.

Executives with Nordstrom's Automotive Inc. got advisory help from a representative with the South Dakota Small Business Development Center and other experts, and the company is pursuing about \$4.5 million in improvements.

Nordstrom's sprawling operation is based on the family's former dairy farm between Garretson and Sioux Falls. On any given day, about 7,000 damaged vehicles spread over nearly 65 acres are being evaluated and parts are recycled to be sold locally or shipped around the country. Some cars and trucks are prepared for resale as repairable vehicles.

"As the business has grown, we've added on piecemeal to the buildings and infrastructure," said Shannon Nordstrom, vice president and general manager. "In my opinion, we've stretched the infrastructure to the maximum."

Work presently takes place in about 80,000 square feet of building space. When improvements are finished in 2017, there will be about 125,000 square feet of building space.

The business was started modestly in 1969 by Shannon Nordstrom's parents, Art and Marie Nordstrom, who remain active in the company. Today, the company has 71 full-time employees. Operations are concentrated in nearly 20 buildings – some of which have been expanded more than once.

Major divisions within the company include Nordstrom's Full Service Auto Recycling, which sells new as well as used parts, and Ewe Pullet, a self-service lot where customers take parts off vehicles themselves. Nordstrom's also has an Installation and Diagnostic Center in Garretson and a national radio show, "Under the Hood," which airs on more than 100 stations. Another division, Nordstrom's Repairables, sells vehicles that buyers fix up themselves.

Business is conducted through multiple channels, including in person and online through sites such as NordstromsAuto.com and eBay.com.

Every day, the company makes four delivery trips to Sioux Falls, and 150 to 250 packages are shipped to buyers in the region and beyond.

Automotive professionals, such as repair shops, are the company's biggest customers for parts. However sales to do-it-yourselfers make up a significant part of the business, too; they account for about 30 percent of sales. Selling scrap metal is only a single-digit part of the business, Nordstrom said.

Nordstrom was steered to the SBDC office in Sioux Falls for help while planning improvements. Marc Ford, a business consultant with the SBDC, assisted Nordstrom and Jerry Zwak, the company's chief financial officer and treasurer.

"They came to me looking to use a loan program," Ford said. "We put together some loan projections that they took to the bank, and they were able to get some financing to expand their facility."

Zwak said he was apprehensive at first about working with an outside adviser on financial projections, but the meetings went well and only took a few weeks to complete. SBDC representatives know what kind of information lenders want. So, meeting with Ford helped the company in dealings with its bank, Minnwest, Zwak said.

Nordstrom said consulting with the SBDC is helping take Nordstrom's Automotive to the next level. "It forced us to think through some things that I hadn't thought about before," Nordstrom said. "The process was non-intimidating, confidential and extremely helpful."

Other companies in South Dakota should not hesitate to take advantage of services offered by the SBDC and its affiliates, he said.

The first signs of physical improvements at Nordstrom's are becoming evident. In cooperation with state and local units of government, more than a mile of country road leading to company headquarters has been hard-surfaced. In addition, the foundation for the first new building has been built.

Plans call for the demolition of some older facilities, remodeling of some other buildings and 57,000-square-feet in new construction.

Ultimately, improvements will include new dismantling facilities with state-of-the-art fluid-handling systems, additional warehouse space, a new shipping and receiving center, an expanded parking lot for customers, and new sales and corporate offices.

Work is expected to be finished by mid-2017. Cleveringa Construction of Luverne, Minn. is the general contractor. The immediate challenge is to keep the business operating smoothly while construction is underway, Nordstrom said.

When work is finished, the company will be able to work more efficiently and accommodate future growth more easily, Nordstrom said. "I look at this as Nordstrom's taking the next, big step to secure the long-term future of the business," he said.

About the SBDC

For more information about the South Dakota SBDC and its affiliated offices see www.sdbusinesshelp.com.

The SBDC has regional offices in Aberdeen, Pierre, Rapid City, Sioux Falls, Watertown and Yankton, and satellite offices in Brookings and Mitchell. Other programs in the SBDC network include South Dakota Manufacturing & Technology Solutions, South Dakota Procurement Technical Assistance Centers, South Dakota International Trade Center, Small Business Innovation Research programs and the Enterprise Institute. The SBDC network is an outreach program of the Beacom School of Business at the University of South Dakota.

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