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MOBILITYWORKS: faster, higher, stronger

Manish Gupta wrote this case under the supervision of Chris Laszlo and Katherine Gullet solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In 2015, the U.S. Census Bureau estimated that roughly 30 million people in the United States suffered from limited mobility. Of these, about 3.6 million people used a wheelchair, while an additional 11.6 million used walking aids such as a cane, crutches, or a walker.[[1]](#footnote-1) MobilityWorks provided mobility solutions for this population of individuals with limited mobility. The company had several hundred million dollars in revenue, which had grown by over 100 per cent between 2011 and 2014.[[2]](#footnote-2) In December 2015, MobilityWorks was one of the largest adaptive van providers in the United States.

When Bill Koeblitz, the chief executive officer of MobilityWorks, envisioned the future of the company, he saw several opportunities to grow at a still faster pace. Some of Koeblitz’s colleagues were concerned that MobilityWorks’ close-knit, family-type work environment, a key contributor to its success to that point, might not be able to withstand a rapid expansion. However, what worried Koeblitz was that even with all the growth opportunities, neither MobilityWorks nor the industry as a whole would be able to reach even half of the 30 million people who desperately needed MobilityWorks’ products. Impressive as MobilityWorks’ revenue growth had been, the entire adaptive van industry sold less than 20,000 units in 2013, and less than 150,000 of the 3.6 million people in wheelchairs owned a wheelchair-accessible vehicle (WAV).[[3]](#footnote-3)

Koeblitz wondered, how could MobilityWorks continue to grow rapidly and profitably, reach out to the millions who could benefit from its products, and still retain the company’s unique work culture?

MOBILITYWORKS’ CUSTOMERS: AN AGING POPULATION AND MOBILITY NEEDS

Jim Kuzak loved meeting people and being on the move as a police officer. That was, until he was shot five times while on duty. One of the bullets did major damage to his spine, leaving him in a wheelchair. After trying several different vehicles with MobilityWorks, Kuzak settled on a converted truck—a wheelchair accessible Ford F-150. The driver’s seat could be lowered from the truck to meet Kuzak at road level. Once he shifted from his wheelchair to the seat, the crane in the back of the truck could automatically load, or retrieve, his wheelchair. Kuzak was thrilled that he could once again get into a vehicle and drive away without having to rely on anyone else.

Kuzak was among the fortunate few who knew about MobilityWorks; he had received his truck as a gift. Many individuals with limited mobility were not aware that products like that existed, and the vast majority of those individuals, even if they knew of the products, simply could not afford one—fewer than three out of 10 working-age individuals with limited mobility were employed.

The proportion of the population using mobility devices increased dramatically with age. Nearly two-thirds of all mobility devices were used by persons aged 65 or over. While 1.5 per cent of the working-age population (between the ages of 18 and 64 years) used some form of mobility device, over 10 per cent of individuals over the age of 65 used a mobility device. Nearly 40 per cent of persons aged 85 or over used mobility devices.[[4]](#footnote-4) By 2015, 10,000 Americans were turning 65 every day—3.6 million people per year. That represented an additional 360,000 mobility device users a year, for another 15 years.[[5]](#footnote-5)

MOBILITYWORKS’ HISTORY

In 1997, Koeblitz sold a health care enterprise he owned to a public company and went looking for a new business opportunity, one that offered social value to people. Word reached Koeblitz that a Ford dealer in Akron, Ohio, wanted to get out of his business after having taken over a company that built vans for people in wheelchairs. Koeblitz looked at the company and found that even though they were trying hard to do a good job, they were producing vehicles that were not safe. There were no quality standards, no crash testing, and no assurance of safety. A wheelchair-bound customer would give up a new van for three months and get back a vehicle that may not have been safe or able to accommodate the customer’s wheelchair. It became obvious to Koeblitz that the whole process could be done in a better way. And, thus, MobilityWorks was born in 1997.

Two years later, MobilityWorks had a team of eight and was selling 50 wheelchair vans a year. Sixteen years later, in 2013, the company had grown to an employee head count of 456 and sold 4,000 vehicles across 35 locations in the United States.

Most of the growth in MobilityWorks’ early years came from its commercial segment, which sold “upfitted” commercial vehicles and WAVs for commercial use.[[6]](#footnote-6) MobilityWorks grew steadily over the years by opening new stores and consolidating small mobility dealers in key geographic areas. The company had more retail locations in more states than any of its competitors (see Exhibit 1).

MobilityWorks hit a bump, albeit temporarily, in its steady growth due to the 2008 financial crisis. The U.S. auto industry was hit pretty hard by the crisis, with a 30 per cent decline in revenues. Although MobilityWorks was hit less severely, registering an 8 per cent decline in revenues, the financial crisis did make it more difficult for MobilityWorks’ customers to get their custom-fitted vehicles financed through banks, putting additional pressure on the company’s revenues.

However, it did not take long before MobilityWorks was back on the fast track. By 2015, MobilityWorks commanded a 16 per cent market share and was the nation’s largest mobility dealership and upfitter of WAVs.

MOBILITYWORKS IN 2015

A privately-owned WAV was pretty much a luxury item, accessible to the few who could afford it. Unlike most luxury items, however, a WAV could truly transform the life of an individual with limited mobility. Also, by boosting income generated through employment and simultaneously reducing withdrawals from social security and health insurance for millions of people, improved access to WAVs had the potential to bring about a net gain in national productivity and income.

After a steady growth over the previous two decades, MobilityWorks was on the threshold of its biggest challenge yet: taking WAVs mainstream and making them accessible for the millions of underserved mobility-limited individuals in the United States. Koeblitz and his executive team saw three major hurdles in getting there: product and company awareness, supply of eligible and motivated employees, and access to capital for further expansion.

Typically, people who could benefit the most from MobilityWorks products had never heard of them before. Eric Mansfield, MobilityWorks’ executive vice-president, summed up the central challenge of MobilityWorks’ business succinctly: “How do you market to people who are looking for something that they have never used before?”

MobilityWorks dealt with the challenge by trying to find the right solution for each individual client. By 2015, MobilityWorks was able to find a solution for 44 per cent of the people who walked into its stores, a significant increase from 30 per cent just three years before. The increase was largely a result of the company’s focus on creatively exploring all possible avenues to make a MobilityWorks solution affordable for a customer.

The engagement of every new MobilityWorks customer started with a needs analysis by a certified mobility consultant. Using casual conversation and direct questioning, the consultant would learn about the nature of the person’s disability and any extenuating circumstances. This information was used to formulate the best options for the customer’s situation and transportation and family needs. Often, all that was needed was an additional piece of equipment added to the current vehicle, such as a stowage lift or hand controls; for some, only a full conversion into a wheelchair accessible van would do.

MobilityWorks derived its revenues from vehicle sales, service and maintenance activities, van rentals, financing activities, extended service contracts, and miscellaneous packages—pretty much along the same lines as a traditional auto dealership.

MOBILITYWORKS’ SECRET SAUCE: THE TEAM

The ability to hire and retain good people had been at the centre of MobilityWorks’ sustained growth over the years. In 2014, MobilityWorks employees scored 79 per cent in engagement on Modern Survey’s employee engagement survey.[[7]](#footnote-7) The survey measured employee engagement by assessing an individual’s psychological investment in the company and motivation to contribute to its success. The corresponding figure for the average U.S. workforce was 58 per cent.

Over the years, MobilityWorks had succeeded in establishing an exceptional work culture of caring for its employees. The employees in turn were heavily invested in the company and its mission. “It is hard not to like what we do. If you care about people, it is hard to say I am not engaged,” said Mansfield. This had translated into a thriving and profitable business with a significant positive social impact.

“People is what makes us successful,” said Charla Givens, MobilityWorks’ human resources director. She joined the company in 2007, when it had 13 stores and a three-person human resources team. In 2010, MobilityWorks developed its set of core values, LOVE IT: Listen, Ownership, Value, Excitement, Integrity, and Team. Givens said that establishing and adopting the core values had been the biggest cultural change in MobilityWorks over the last few years. Employees embraced the catchy motto and the MobilityWorks team started to live and breathe the core values.

Finding the right people to hire was a critical part of Givens’ role, a task that was also the most challenging. People with prior experience in the automotive industry minus the “car dealership attitude” were hard to find, added Mansfield. Not everyone was willing to leave the monetary benefits that came with the car dealership environment for MobilityWorks’ better work/life balance and purpose-driven work, even though MobilityWorks offered reasonably good pay and benefits. Givens felt that, increasingly, it was an employees’ market. As MobilityWorks continued to grow, it realized that Millennials were truly the future, but not enough millennials seemed to be entering the automotive industry. Givens was concerned that millennials may not want to work for a company like MobilityWorks.

Marketing not only to potential customers but also to future employees and leadership could be a critical challenge even for a successful and high impact business like MobilityWorks.

AFFORDABILITY

In the United States in 2012, the median annual income of an employed working-age individual with limited mobility was US$20,808.[[8]](#footnote-8) The average price of a WAV was roughly $45,000. It could cost as much as an additional $26,000 to convert a $26,000 Toyota Sienna minivan into a WAV. By contrast, the median annual income of an employed working-age adult with no disability was $32,688,[[9]](#footnote-9) and the average price of a car was $24,296. Affordability was clearly the predominant obstacle separating a mobility-limited individual from a WAV.

MobilityWorks did what they could to make WAVs accessible. Costs could be lowered by executing a conversion on a used vehicle in good condition. MobilityWorks’ inventory of 550 accessible vehicles included both new and used vehicles, with a used WAV available for as little as $10,500.[[10]](#footnote-10) In 2011, the company established the MobilityWorks Foundation, a non-profit organization that provided financial assistance or equipment, or both, to individuals requiring help with mobility needs.

The scope of health insurance had widened over the years, but neither regular health insurance, Medicare, nor Medicaid would help pay for a wheelchair access modification to a vehicle. They would cover the needs of a mobility-limited individual in the home and would subsidize a wheelchair and even a mobility scooter, but would not cover costs incurred to enable travel beyond the home. If health insurance plans were to include WAVs in the future, millions of people who could benefit from a WAV would finally be able to afford one.

One might assume that a number of non-profits and government programs would support the growing population with limited mobility and provide funding for WAVs; after all, $519.2 billion was spent on disability programs in the United States in 2006.[[11]](#footnote-11) This constituted 11 per cent of total federal, state, and local spending in the United States that year. As many as six grants and assistance programs were available in the state of Ohio alone.[[12]](#footnote-12) On the ground, however, it seemed that third-party funding was limited. The Veterans Administration was an exception. It would fully fund a vehicle, including the conversion, for all veterans injured on duty. Fifteen per cent of all MobilityWorks’ sales were generated through veterans funded by the Veterans Administration.

Affordability was a relatively lesser concern for another customer segment: institutions such as hospitals, old-age homes, universities, and schools. They were grouped under the commercial segment and represented another 14 per cent of MobilityWorks’ 2014 revenues.

A typical van conversion cost $22,000–$26,000. A scooter lift cost $3,400 and a hand control installation, $1,000. A typical service bill ranged between $200–$300, and it cost $129 to rent a MobilityWorks WAV for a day. The rental fee was only a fraction of the revenue generated from a single van sale, but $129 could be a significant amount for an unemployed, mobility-limited individual to spend on convenience or pleasure for one day. From the company’s perspective, though, van rentals and other revenue streams were relatively insignificant in driving future business growth. Front-end sales of WAVs and new add-on equipment provided about 95 per cent of a typical MobilityWorks store’s revenues.

OTHER GROWTH OPPORTUNITIES

While a WAV remained unaffordable for most individuals with limited mobility, purchasing one as a group spread the cost over several people, making a WAV affordable and accessible to all within the group. A public cab in a city could be seen as a common resource shared among the residents of the city. WAV cabs could therefore be a viable solution for the vast majority of mobility-limited individuals who were not covered within the veteran or institutional segments.

Koeblitz did a quick back-of-the-envelope calculation. If three out of four of the 30 million individuals with limited mobility ordered one WAV cab ride every month, an additional 60,000 WAV cabs would be needed to fill the gap—more than thrice the number the industry sold in 2013. That could translate into $2.4 billion in fresh sale revenues, and $120 million in net income. If each ride were to cost an average of $20, that could mean $5.4 billion in cab ride revenues and $270 million in net income, every year.

These were fairly significant numbers that represented an opportunity not only for the WAV manufacturers and service providers, but also for the WAV cab industry. The structure would simultaneously enable WAV access to all who needed it without having to invest in the purchase of a vehicle. What then was preventing the WAV cab industry from reaching these numbers?

The *Americans with Disabilities Act*[[13]](#footnote-13) stipulated that the cost to a passenger for specialized curb-to-curb WAV cab service could not be higher than the cost for regular sedan taxicab service. However, a WAV cab cost more than an ordinary cab to begin with, and it yielded a lower mileage per gallon of fuel, partly due to the added weight of the wheelchair. With many more cost-increasing factors at play, operating a WAV cab could cost up to $10,000 more per year as compared to an ordinary cab.[[14]](#footnote-14) Running a WAV cab had, therefore, ended up becoming a relatively unprofitable enterprise, which in turn had led to a shortage in supply of WAV cabs. In this particular instance, the Act may have ended up hurting the interests of the very people it intended to protect.

There was an opportunity to expand sales by reducing production costs. In order to convert a vehicle into a WAV, an upfitter would often start by taking apart a brand new vehicle and reducing it to little more than a shell. A large-scale assembly line production, improved standardization, and better integration between original equipment manufacturers and adaptive van upfitters could lead to a reduction in production costs. Passing on some of this benefit to the customers as lowered prices could improve the affordability of WAVs, and increase sales. However, given the high level of customization, this was not easy to accomplish.

The market penetration varied widely among MobilityWorks’ 35 stores spread across the United States. While one store could be selling one van per year for every 14,000 people in its region, another could be selling as little as one for every 70,000. Mansfield estimated that if MobilityWorks’ market penetration in each of its markets was as good as its best market, that change alone would drive a 100 per cent growth in revenues, without opening a single new store. However, the market penetration depended not only on the effectiveness of the store staff but also on several other factors, including the attributes of the population the store catered to.

Having said that, opening or acquiring new stores was the most apparent path to revenue growth. MobilityWorks’ 35 stores were all located within 13 states in the United States. The remaining 37 states represented a sure-shot opportunity for expansion and revenue growth, as did other countries across the globe.

MobilityWorks was also considering additional investment in increasing brand recognition and consumer awareness of its products. Since its products and services catered to a select audience, there was a good opportunity to leverage targeted advertising to enhance the effectiveness of marketing efforts while simultaneously reducing marketing costs.

Improving financing options for customers was yet one more option. Unlike financing an automobile purchase from a major brand, organizing financing for the same vehicle for conversion into a WAV could be a challenge, limiting the options for customers. MobilityWorks continued to work with banks and leasing companies to further improve consumer financing for its vehicles.

GROWTH OPPORTUNITIES: NECESSARY TRADE-OFF WITH THE COMPANY’S WORK CULTURE?

Koeblitz saw several big challenges ahead of him. He wondered which would be the most profitable and feasible growth opportunities for MobilityWorks over the short term, and which would be the most promising over the long term. Would there be a necessary financial trade-off between the short and long term? And which growth opportunities would best serve the interests of the underserved mobility-limited population?

The biggest question Koeblitz struggled with was whether faster growth across multiple market segments necessarily came at the expense of MobilityWorks’ winning work culture. Could a mid-size company like MobilityWorks seize multiple growth opportunities to satisfy the large and rising market demand for its products and still retain its close-knit, purpose-driven work culture?

Relatedly, what could MobilityWorks do to become more attractive as an employer to the millennials looking for socially meaningful careers? As he thought about the millennials, Koeblitz chuckled. It would not be long before MobilityWorks would have to think about not just the Millennials, but Generation Z as well.

Exhibit 1: Competitive Landscape by Geography

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| Company | No. of Locations | No. of States |
| MobilityWorks | 29 | 12 |
| HASCO Medical, Inc. | 21 | 10 |
| United Access | 14 | 6 |
| Ability Center | 9 | 3 |
| Superior Van & Mobility | 9 | 4 |
| Performance Mobility | 7 | 3 |
| Adaptive Driving Access | 4 | 1 |

Source: Company documents.

1. Matthew W. Brault, “Americans With Disabilities: 2010,” *Current Population Reports* (Washington, DC: U.S. Census Bureau, 2012), 8. [↑](#footnote-ref-1)
2. “WMK,” Inc. 5000, accessed December 30, 2015, www.inc.com/profile/wmk. [↑](#footnote-ref-2)
3. Lindsay Chappell, “Wheelchair Van Makers See Growth: But Retailing Isn’t for Everyone” *Automotive News*, April 8, 2013, accessed December 30, 2015, www.autonews.com/article/20130408/RETAIL03/304089975/wheelchair-van-makers-see-growth. [↑](#footnote-ref-3)
4. H. Stephen Kaye, Taewoon Kang, and Mitchell P. LaPlante, “Mobility Device Use in the United States,” *Disability Statistics Report* 14 (Washington, DC: U.S. Department of Education, National Institute on Disability and Rehabilitation Research, June 2000), 7. [↑](#footnote-ref-4)
5. D’Vera Cohn and Paul Taylor, “Baby Boomers Approach 65—Glumly,” Pew Research Center, Social and Demographic Trends, December 20, 2010, accessed December 30, 2015, www.pewsocialtrends.org/2010/12/20/baby-boomers-approach-65-glumly. [↑](#footnote-ref-5)
6. “Upfitting” referred to adding new or customized features to an existing product or system. [↑](#footnote-ref-6)
7. “Modern Survey,” Aon Empower Results, accessed December 22, 2016, www.modernsurvey.com. [↑](#footnote-ref-7)
8. All currency amounts are in U.S. dollars unless otherwise specified. [↑](#footnote-ref-8)
9. Matthew W. Brault, “Americans With Disabilities: 2010,” *Current Population Reports*, P70-131 (Washington, DC: U.S. Census Bureau, 2012), 20, table A2. [↑](#footnote-ref-9)
10. “New Conversions and Used Wheelchair Vans for Sale,” MobilityWorks, accessed August 15, 2015, www.mobilityworks.com/wheelchair-vans-for-sale. [↑](#footnote-ref-10)
11. David Braddock, *Public Spending for Disability in the United States: 1997–2006* (Federal Reserve Bank of Boston, n.d.), 1. [↑](#footnote-ref-11)
12. “Handicap Van Financing and Resources in Ohio,” MobilityWorks, accessed December 30, 2015, www.mobilityworks.com/financing/grant-assistance/ohio.php. [↑](#footnote-ref-12)
13. *Americans with Disabilities Act*, 42. U.S.C. §12101. [↑](#footnote-ref-13)
14. Esha Christie et al., *Assessing the Full Cost of Implementing an Accessible Taxicab Program* (Center for Transportation Studies, University of Missouri–Saint Louis, March 1, 2010). [↑](#footnote-ref-14)