

business. It was also the kind of risk Halle would never accept today, but he was more fearless, possibly reckless, in those years. He thought the company's momentum was strong and sustainable, which made it less risky than it appeared.

It wasn't. In fact, Halle and Von Voigtlander were literally betting the store. On a balance sheet, real estate is always listed at its purchase price, not at its appreciated value. By obtaining loans based on rising property values, Discount Tire ended up with a balance sheet that made the company appear bankrupt—with far more debts than the assets to cover them. While bankers recognized and lent money against the market value of the properties, the company was vulnerable to any decline in those values. If property prices fell or credit markets dried up, as would happen in 2008–2009, or if new stores failed to generate the cash flow of their established peers, the entire business could be gone within as little as a year's time.

Confident that they had found the magic formula for successful expansion, Halle and Von Voigtlander announced that Dave Fairbanks would be moving to Denver in 1980 to open the company's third region. His transfer and the ambitious expansion plan were a shock to the system, according to Al Olsen, who was assisting Fairbanks in overseeing the Michigan stores at that time.

Creation of a new region meant much more than the addition of new stores, in Olsen's mind. It also meant that the Michigan stores would experience a substantial drain of talent as Fairbanks looked to staff the Colorado stores with experienced Discount Tire managers. Part of the company's strength flowed from the loyal managers who had joined the team and thrived in the stores. Taking them out of their stores and moving them to new locations would break up the teams, and it could be hugely challenging to find more of the right people quickly enough to make the gamble succeed.

"As Dave is going to Colorado, I have nineteen stores in Michigan and one in Indiana," Olsen says. "Now I need to fill a pipeline."

The company invaded Colorado with the acquisition of E.J. Reynolds Tire Company, which operated eight stores in the state. While it was