

# YARD & GARDEN

## Dealer Success Guide

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### FOCUSING ON Parts Department Systems and Profitability

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volume 19

A Supplement to Yard & Garden

Meeting Contractor Needs  
Investing in People  
and Procedures  
Getting Tougher on  
Payment Collections

## Attitude is Everything

Dear Servicing Dealers,

Norman Vincent Peale, famed author of *The Power of Positive Thinking*, said that "Any fact facing us is not as important as our attitude toward it, for that determines our success or failure." There is no doubt that we continue to face serious economic challenges. Though we may have a way to go, how we face the present business difficulties, can mean the difference between just surviving and actually thriving in the future.



This issue of *Dealer Success Guide* is filled with valuable information and suggestions from experts and dealers on topics ranging from customer service and training to marketing and community activism. And in the article "Possessing the BE Attitude" you will read how the right attitude can help retain customer satisfaction.

In challenging economic times, smart businesses avail themselves of all tools to succeed. Publications like *Yard & Garden* magazine, the *Dealer Success Guide* and learning opportunities such as The Dealer Experience and the High Performance Service Pavilion at GIE+EXPO in Louisville this October are excellent resources. I encourage you to make the most of them.

Combining the right knowledge and business tools with a winning attitude can help you successfully manage the future with confidence.

Good selling!

Sincerely,

A handwritten signature in black ink that reads "Fred J. Whyte". The signature is stylized and cursive.

Fred J. Whyte  
President  
STIHL Incorporated

**Regardless of market conditions, there are always opportunities**

Aren't you glad you're a servicing dealer these days as opposed to a lawn and garden manager for Home Depot? I mean, unless you have some sort of fondness for orange aprons, you're probably thankful for that any day of any year. But as of late, with more consumers looking to repair rather than replace, it sure is nice to have a parts and service operation to rely on.

And it's not just nice from a "keeping busy" standpoint. The effect on dealership profitability can be dramatic. Let's say you're a servicing dealer that does \$1.5 million a year in total sales. Statistics show that, in most instances, a dealer this size will see 60% of sales coming from equipment, and around 25% coming from parts.

Now let's say you earn an average 18% gross margin on equipment and a 40% gross margin on parts. If the current economy has caused your revenue mix to shift from 60/25 to 50/30, you're actually earning more profit dollars. And because you're likely performing more service than in typical years, you're making additional profit there.

That's why this issue of *Dealer Success Guide* has a strong emphasis on parts and service. There are tips on how to become more efficient, improve communication and increase add-on sales. There's also an article on how to get tougher on collections, because in economies such as this one, late-paying customers typically grow in number for just about any service business.

It's also important to remain upbeat in economies like this. You want to become a more valuable partner and resource for your customers, especially commercial cutters. You need to make good use of your marketing dollars. And more than ever, it's enormously helpful to become active in your community. You can read all about these topics in this volume of *Dealer Success Guide*, as well.

And don't forget, there are tons of great tips and advice in each of the previous 18 volumes, which are available for free download at [YardnGarden.com](http://YardnGarden.com). Have at it! ■

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# PARTS POWER

**As customers continue to repair old equipment, many dealers are seeing a surge in parts business. That's why it is now more important than ever to manage your parts department for profitability and customer satisfaction.**



**E**quipment sales have been on the decline, but for many dealers revenue has shifted towards service and especially parts sales. Some dealers are approaching their parts departments from a new angle and reorganizing staff while others have had it running smoothly for years. Ensuring they can run the department profitably means reaping the benefits of the high-margin parts sales.

"The parts department is the best thing we have going at the moment," shares Tom Rigg of Rigg's Outdoor Power Equipment with four Indiana locations. "It is up this year and last because people are fixing their own mowers and still buying parts."

Susan Brittain of STIHL Southwest agrees. "Dealers are telling us that parts sales and repair work have been higher than normal this year, especially during the first half of the

year, as people tried to get another year or two out of their existing equipment," she says.

## PARTS STAFF

To keep up with the increase in parts business, dealers have begun to work smarter and even in some cases staff more. "We have a small staff so practically every member of our crew is cross-trained," says Rob Titus of Kaizer Outdoor in Kaizer, OR. "Our service manager is probably one of the best salesmen we have, and all the salespeople, office staff and parts guys are pretty much all cross-trained to back each other up."

Encouraging employees to take on new responsibilities can help keep overhead in check while providing customers with the service they expect. "No matter how many employees a dealer has, the pattern has been holding the line on people costs; hang on to their good people and let the marginal performers go," explains Mike Medart of distributorship Medart Inc. based in the St. Louis area. "For some, parts people remain the same in numbers and are working harder and longer hours."

Dealers should be wary of wasting resources or employee strengths on jobs for which they may be overqualified. "A skilled parts person is very different from a technician or salesperson," says Medart. "Salespeople are helping to check in and stock parts shipments, but with service remaining strong for most dealers, pulling techs would only hurt the business."

## PARTS MANAGEMENT TOOLS

Many dealers are able to keep their parts staff just the way it is because of the tools they use to manage their inventory and orders. "We have two people dedicated to the parts department and it has always been that way," says Titus. "We have made no staff changes or alterations due to the economy, but we have been using the Vidmar parts cabinets and Ideal software system for years to manage parts."

Titus uses his software program to stay on top of inventory levels and spot trends in purchasing. "We are so

# PRODUCTS to Push

dialled in with our software and controlling our inventory turns that we can easily adjust based on what's happening at the time," says Titus. "With our software from Ideal we can recognize those trends as they are starting to unfold."

## THE NEW CUSTOMER

As dealers are experiencing more parts sales for do-it-yourselfers, they are faced with the challenge of meeting the needs of a new kind of customer. "What is detrimental to the parts business is the service customer getting 100% of the attention of the parts person," warns Medart. "The parts customer is intimidated by the service customer who is more demanding, and tends to be ignored." Acknowledging every customer can go a long way, fixing this serious problem and preventing a customer who is feeling ignored from leaving without their parts and never returning.

Some dealers are extending their parts counter hours to help consumer customers who work the nine to five, while also offering parts sales over the Internet. "More and more dealers are selling parts on the Internet," says Medart. "They are doing it first and foremost to accommodate their existing customer base, but also to attract new customers to the convenience."

Dealers are feeling the squeeze as customers shop around online to find the best parts deals and are doing their best to compete with price margins that are extremely tough.

While some dealers may be losing consumer parts sales to the Internet, the commercial cutter-dealer bond is typically holding strong. "We know we are losing some business to the web, but most of our commercial customers are fairly loyal to the service we offer," says Titus. "If they find parts that are priced low, we will take a look at it and see if there is anything we can do to work with them. But you can't blame people right now for wanting to save as much money as they possibly can."

For dealers, getting as much as they possibly can out of parts department sales can be a great way to partially offset lower equipment sales. Smart management of parts inventory and staff will help in meeting the needs of a growing and evolving parts customer base. ■

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containers. They are rated by the Coordinating European Council to be 93.8% biodegradable in only 21 days. [For more information circle 300 on Reader Service Card]



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## STIHL ROLLOMATIC E LIGHT GUIDE BAR

From the number one manufacturer of the world's largest selling brand of chain saws, comes the new STIHL ROLLOMATIC E Light Guide Bar. 30 percent lighter in weight than the comparable STIHL ROLLOMATIC E bar, this product is perfect for the professional arborist. Designed with a lightweight body, the bar is comprised of two steel plates that have been largely hollowed out and electrically welded together, providing excellent rigidity for efficient cutting and better balance during limbing operations.

[For more information circle 302 on Reader Service Card]





# A Part of a WHOLE

**Make parts more marketable by making them one component of an entire packaged buy.**

Outdoor power equipment parts and accessories sales have proven to be some of the most profitable. Going beyond merchandising, how can dealers get these add-on sales? It often boils down to really knowing the customer's needs, and at the most opportune time, presenting the purchase as a convenient and attractive buy.

Achieving the add-on sale is very beneficial to the dealership. These high-margin buys bring in a lot of profit, and when sold with equipment, make that sale even sweeter. "The purchase of equipment and add-on's goes hand in hand," says Matt Werner, regional sales rep for Stens. "Dealers make a lot wider margins when they are selling parts, or add-on's. They are much more incented to find add-on's and additional parts when selling equipment or servicing equipment because they make a lot more money when they do it."

## TOP BUYS

While there are plenty of parts and accessory options out there for consumer and commercial customers, there are a few that continuously prove to be top sellers. "By far, our top-selling parts are spark plugs, air filters, oil filters and blades," says Werner. "A lot of that stuff goes together. When a customer brings in equipment for maintenance, these are the things that usually come with it."

Sometimes, the add-on sale is not a product, but rather a service itself. "The sale can't only be a part, it can be a service," explains Jeff Spencer, Oregon tech-

nical training specialist for the central U.S. "Dealers can sell equipment servicing or maintenance with the initial purchase."

As part of the equipment sale, dealers may suggest that the customer pay for maintenance up front, bringing in the equipment after a few months to get it serviced. Service or maintenance may include an oil change or blade sharpening, and a routine check of equipment performance.

## INVESTIGATING INDIVIDUAL NEEDS

Knowing the customer's needs can help greatly in deciding which add-on part or service is right for them. "We like to say you do a fact-find mission," shares Werner. "The first thing you need to find out is what exactly they are doing with the equipment, whether they are mowing one acre or five acres, because the add-on's would vary from there."

The conditions a customer works in will also help determine which add-on's are right for them. "A consumer isn't going to change their oil or air filters once a month if they are only mowing four times in that month, where the pro guy has been mowing for 30 days," Spencer explains further. "You have to really know your customer."

When talking to customers, listen for key words and topics that signal the possibility for an add-on sale. Knowing the customer's needs and approaching the customer with the appropriate product or service further guarantees the success of the sale.

Once you know the detail of the customer's needs, it is the appropriate time to try for the accessory or parts sale. If you have pinned down what they are using the equipment for and to what extent, picking add-on's that go together in a package deal might make for a larger sale. "Once you have that customer down to what kind of product they want, there are other equipment pieces to go with it as accessories," says Spencer. Suggest to the customer add-on's such as another set of blades (more if they are a commercial cutter), and several maintenance items.

"If a person does their own maintenance, you want to make sure they have all those maintenance items ready to go when they leave the shop with their new tractor," Spencer continues. "A month from now, they've got all that stuff on hand ready to go." When discussing the equipment pricing, give the customer a price for the equipment alone and a price for the equipment paired with a

package of necessary add-on's.

### THE WHOLE PACKAGE

Selling parts product packs is an effective strategy that can also help you get some business from people who made their equipment purchase at a box store.

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*When discussing the equipment pricing, give the customer a price for the equipment alone and a price for the equipment paired with a package of necessary add-on's.*

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Start by targeting specific models that are high box store-moving models or a general model for a Briggs engine that is on many of the push mowers. In the package buy you can include a bottle of oil, spark plug and filter. These custom parts kits are the ideal point of purchase piece for the customer who has the ability and mechanical know-how to replace a service item. The packaged buys are a great way to push add-on's because they tie everything

together and make a nice package of high-maintenance items.

Some dealers may even offer commercial customers a deal when they buy parts or accessories in bulk for their fleets. While the packaging makes the sale seem like a good buy, appealing to

convenience can also influence a sale. The convenience of having the parts when needed saves time, gas and money. For commercial customers, this can mean a lot to their bottom line.

### SALES INCENTIVES & PROCEDURES

Making the sales attractive to customers won't help unless selling them is made appealing to employees. Incentives and bonus plans will help encourage employees to aggressively push for add-on sales. Larger dealers may have a sales staff continuously walking the floor talking with customers. Smaller dealers without these resources can still prove successful.

Whether your sales staff is big or small, incentives help to get them going. "The owners know they are making a much a higher margin and bringing in much more cash by selling parts," shares Werner. "They will incent their sales and service reps to in fact sell or install parts, and they are paid a bonus off that."





While the packaging makes the sale seem like a good buy, appealing to convenience can also influence a sale.

Some advise that instead of focusing on ways to encourage salesmen to try for add-on sales, it should simply be an established part of the dealership's selling procedure. Salesmen should learn in initial sales training that trying for the add-on sales is a part of any equipment sale. "Dealers should insist that is how they do business,"

Spencer says. "Some might consider them add-on's, but I consider them a

part of the sale. We're not just selling a person a piece of equipment, we're selling them the parts and service that go with it."

Once the customer has decided on the right piece of equipment and the appropriate add-on's, closing the sale in a manner that satisfies the customer and brings them back for more should be the new focal point. "This is an oppor-

tunity to let the customer know that you are going to take care of them, by giving them information on backup inventory, parts and service," says Spencer.

Just providing the customer with the right products from the start can do a lot to influence a customer to return. "If you know that specific person, mowing

than ever now, and a lot of those who do well are the dealers who give the little tips and hints that maybe just your average man or woman who is mowing their lawn would not know," says Spencer.

"Small tips can make a customer really feel like they are taken care of and can trust the dealer."

Advising the customer on overall

equipment operation can help build trust for your services, products and expertise.

Taking the time

to get to know a customer and their needs is a vital part of the procedure for pushing an add-on sale. Working to get these high-margin sales means motivating employees with bonus or incentive plans, designing a personal add-on package for the customer based on their individual needs, and executing the sale in a way that pleases the customer. ■

***Some advise that instead of focusing on ways to encourage salesmen to try for add-on sales, it should simply be an established part of the dealership's selling procedure. Salesmen should learn in initial sales training that trying for the add-on sales is a part of any equipment sale.***

conditions or cutting conditions, and you sell them something that works or turns out better than anything they have used before, they are going to come back to you because they see that you are an expert."

In addition to helping them find the right product or add-on, lending your expertise can go a long way. "Dealers are smarter



## Randy Pinkston Pinkston's Lawnmower & Equipment Plus Midland, NC



### How have you made your parts department work for you?

Randy Pinkston, owner of Pinkston's Lawnmower & Equipment Plus in Midland, NC, became EverRide's largest U.S. dealer in 2005. The business was actually founded in 1956 by his father in Wadesboro, NC, and Pinkston assumed ownership in 1974. Pinkston's equipment sales as a whole top \$1 million a year these days. Still, Pinkston says much of his focus remains on service and parts.

"The parts department is where we make most of our money," he points out. Min/max levels are adjusted on a near daily basis. "Missed sales" are also tracked so the parts department can hone in on the right inventory.

A few years ago, Pinkston's joined the growing number of dealers who've implemented storage cabinets into their parts operations. By incorporating half a dozen Vidmar cabinets, the dealership has been able to reduce its parts storage requirements by more than 25%; two long rows of shelving now consist of a single row and the six cabinets. Pinkston is looking to invest in additional cabinets so he can break down more shelving.

"The cabinets have made a big difference in productivity," Pinkston says. "They've freed up a lot of warehouse space we now use for equipment setup. Fast-moving parts are also a lot easier to keep track of in the cabinets."

Pinkston's also stocks a decent amount of fast-moving parts for brands it does not sell, although the dealership has drastically cut back on the brands it is willing to service. Pinkston's does business with several large companies, which include a handful that specialize in tree care. When the dealership first moved into Midland back in 1998, Pinkston says he quickly recognized that a lot of tree care professionals were coming into the dealership for service with the wrong size chain. He immediately set up a "chain room" behind the front parts counter and started aggressively pursuing this business. "We got a lot of these customers on an upgrade schedule, and showed them how we were going to provide them with better product expertise and service than they were used to getting," Pinkston adds. ■

By incorporating half a dozen Vidmar cabinets, the dealership has been able to reduce its parts storage requirements by more than 25%.



# COMMUNICATION and SUCCESS in the Service Department

**F**or dealers, a part of their business that has proven profitable—and at the same time difficult to perfect—is the service department. There are many basic principles to follow in order to run a service department that delivers the utmost in customer satisfaction. The underlying similarity in these principles is effective communication.

Having skilled technicians and good, quality systems are essential to having a successful and profitable service department. Providing satisfactory service that brings customers back is vital to success as the returning customer is where the real money lies. Whether it is the signage or employees doing the communicating, when done successfully it can mean the difference between a satisfied and a discontented customer.

## SURROUNDINGS THAT GUIDE AND SOOTHE

When a customer first walks into a dealership is when their service experience begins. This is why the layout of the dealership and service department are essential to

customer satisfaction. The surroundings and layout should communicate to customers what they need to do next when entering the facility.

“When you walk into some dealerships, you can’t even find the shop,” explains service trainer Ed Kovalchick for Net Profit Inc. in Alabaster, AL. “To begin with, the service department needs to be well marked. You should have directional and informational signs telling the customers where to go and what to do when they get there.” The customer’s experience with the service department will not start out well if they are confused as soon as they enter the dealership doors, unsure of where to go. Keeping the reception and service areas clearly labeled is essential.

Near the service area or reception counter, any technician certification should be proudly displayed. Posted certificates will put customers at ease when dropping off equipment, communicating to them the high skill level of the technicians working on their equipment. “Customers want security in knowing that their equipment is going to be fixed correctly,” shares Jim Roche, EETC executive director. “One thing that gives that to the customer is



The ability to listen well to customers is a vital part of being an effective communicator.

having all of the technician certifications from manufacturers and the EETC posted wherever work orders are written up." Posting certification in plain view or speaking with the customers about certification offers customers a sense of security that their product is going to be repaired properly the first time.

## INTERACTION WITH STAFF

The person working the service counter and speaking with the customers is just as important as the certificates that surround it. Customers should be greeted by a professional and knowledgeable individual who they feel comfortable handing their equipment over to. The person writing up the order should also have an impressive amount of product knowledge and the ability to clearly communicate and discuss that knowledge with the customer.

"Customers are paying for knowledge, so there should be a demonstration of some," says Kovalchick. "When they drop off their equipment and ask questions, they should get them answered well or they will lose confidence." If a customer trusts the knowledge of employees in the service department, it will further guarantee retention.

The ability to listen is a vital part of being an effective communicator. Along with product knowledge, the

is compassionate about his or her product," advises Roche. "When the dealership shows a connection with the customer on a problem, the customer is going to feel really good about choosing that dealer."

## KNOWING THE NEEDS OF THE CUSTOMER

By showing compassion for the customer's equipment and listening carefully, you can learn a lot about the customer and their needs. Some basic guidelines for satisfying customer needs include fixing their equipment quickly and correctly the first time, and returning it to them in clean condition. Going beyond the basics of satisfaction is possible when you know the customer's specific needs. Conversing extensively with the customer is a great way to learn what their specific needs are.

"We know most of our customers personally, so we try to give employees some background on what the customer is using the equipment for and what the customer expects from the equipment," shares Mark Saulter of Saulco Enterprises, a dealership in Bracebridge, Ontario. "Many of our employees get to know the customer on a personal level as well. This personalized service, an age old successful business approach, is sadly lacking in our mass merchant, disposable society."

service department staff should show they care about the customer's equipment by listening carefully to the issue they are having with the product. "The customer should be greeted by someone who

This personalized and attentive service is something customers won't find when doing business with a big box store. Their relationship with the business usually ends once the product or equipment is paid for. Saulter, like many outdoor power equipment dealers, chooses to take a different approach.

"We offer the customer a partnership for the life of their equipment," explains Saulter. "Our approach is the opposite of the box stores who have an impersonal, one-time relationship with the customer based solely on a business transaction."

## CONSUMER AND COMMERCIAL NEEDS

Listening to and getting to know a customer on an individual basis is a great way to learn their individual needs and desires. When dealing with commercial and consumer customers, some of what they need from the service department varies significantly.

"We try to treat both our consumer and commercial customers the same," says Jeff Deen of the Deen Implement Co. "In each of their minds, their needs are the most important so we try to make them all feel important." Dealers should express to each customer that they are a priority.

Satisfying both the consumer and commercial customer in the service department can be a difficult task. Deen agrees that communicating with and knowing them as individuals better assures satisfaction. "The best solution is to try and understand and know each of your customers individually. Then it will be easier to try and meet their individual expectations."

Once a clear understanding of the customer's expectations has been established, communicate to them how you will meet their needs and desires.

## CONTINUOUS AND OPEN COMMUNICATION

Keeping the lines of communication clear and open, throughout the service experience, shows the commercial and consumer customers their worth. Clearly and accurately explaining services and billing initially and throughout the process prevents surprising and possibly upsetting the customer.



Dealership surroundings and layout should communicate to customers what they need to do next when entering the facility. Keeping the reception and service areas clearly labeled is essential.

"Explain to the customer what they are paying for, what you did, why you did it and what it cost," urges Kovalchick. "People want to know what they are paying for." Be sure to also discuss billing and service details when equipment is delivered or picked up so customers aren't confronted with a confusing repair invoice.

"Communication is key," agrees Saulter, who continuously communicates with customers about the health of their equipment. "When performing repairs, we advise the customer on the problems found and what options are available for correcting the problem. If any additional maintenance items are noted, we will review these with the customer as well."

At each visit, Saulter keeps the customers informed on items that are starting to wear but do not yet require immediate replacement. This helps the customer to plan for future



maintenance requirements. By communicating throughout the whole process, the customer feels as though they are a part of the solution.

## URGENT REPAIR

When the communication is lacking or the service disappoints, you may end up with a very unhappy customer who will hit back with two blows:

They will not return to your shop for service, and will tell all their friends to do the same. An angry customer can be really damaging to the success of the service department. This is why repairing those relationships is vital. "It is important to never hesitate to correct something that has been done wrong," says Deen. "Always seem willing to help and understand the issue completely."

Dealing with the customer's dissatisfaction can be done in many ways. How quickly and how well it is handled may lead to a mended relationship that is better than it was initially. "If you make a mistake, it can help you to have a better relationship with your customer than prior to the mistake," says Kovalchick. "That is something that every employee needs to understand and be told. A mistake is not a bad thing unless it is not corrected properly." By addressing the dissatisfaction in an urgent manner, it communicates

to the customer just how much you care about their happiness.

One way to find out where customer dissatisfaction comes from is by evaluating your Customer Satisfaction Index (CSI). This can be done by calling customers after they have received service, asking them to fill out a survey during equipment pickup or by simply listening to their concerns.

Obtaining information about how satisfied or dissatisfied your customers are is only the first part; dealers need to communicate these findings to their staff. "The result is as important as we make it," says Kovalchick. "If we never bring it up and never talk to the employees about taking care of customers and don't measure whether we took care of the customer, why should they care?" Once management puts an emphasis on customer satisfaction and communicates its importance to their staff, they will actively share a common goal.

As dealers and technicians continue to use effective verbal and non-verbal communication in the service department, they will have a better chance of ensuring a satisfactory experience for customers. By keeping the lines of communication open and continuously listening to customers' needs and concerns, dealers and techs will form a relationship with customers built off satisfactory experiences. ■

# The Right for the Job

**F**ocusing on efficiency and investing in people and procedures can help a dealership to provide great service while keeping the bottom line in check. At Fletcher's Sales & Service in Greensburg, PA, their annual sales now top \$3 million. It's hard to believe, but they only employ eight full-time people and one part-timer. Francis and Madeline Fletcher, along with son Frank, make it work with a sharp focus, smart tools and a dedicated staff.

## MAXIMUM EFFICIENCY ALL THE TIME

Frank says everyone has to remember that the customer is the reason you're in business. And everyone has to be as productive as possible. "We cross train our people," Frank points out. "That way our employees can help each other out so there's never any downtime. We try to create a friendly atmosphere where we all work together." Frank says the dealership also promotes constant self-improvement, company profitability and its effect on employees. Bonuses are attainable by everybody, not just technicians.

Speaking of technicians, Frank is happy when the shop is running at 70% efficiency, which is almost always the case. As a matter of fact, he's not sure how it could do any better. "I've heard the philosophy that technicians should stay in their bays turning wrenches," Frank relates. "I understand that, but am not sure it's always practical for a staff of our size. I've thought about hiring another person to run parts, but what would he do in between? We use parts cabinets to keep things clean and orderly, so our techs can find what they need pretty quickly. I'm OK with 70% efficiency because I know we're at least making money in the shop, while also being more productive in other areas and taking better care of customers."

## INVEST IN PRODUCTIVITY

Outside of people, Frank says it's important for a dealer to take advantage of every available option to simplify daily operations. "If it'll make us more

productive, I'll buy it," he says. The most notable investments have included:

- Modern compressed air system for the shop and warehouse areas
- Exhaust system for the shop
- Three 2,000-pound Heftee lifts, one 4,000-pounder and four 250-pounders
- One 2006 rollback truck and a 2005 Ford F-350 extended-cab pickup truck with 10,000-pound dual-axle trailer used for deliveries; the pickup truck and other company vehicles are traded every five years before they become outdated
- Triple-decker warehouse that's undergone several renovations over the years to enhance organization and reduce setup times
- Franzen chain sharpening machine

Fletcher's Sales & Service is also equipped with all the latest software, Frank points out. "c-Systems is our system for everything," he adds. "We use it for accounts payable and receivable, payroll, warranties, returns, inventory control and point of sale. The system self-generates daily orders for parts and whologoods, which greatly assists us in controlling excess inventory. We only stock parts that are sold a minimum of three or four times a year."

The dealership then uses PartSmart to facilitate parts searching and ordering tasks. "Every work station in the dealership, including the shop, is equipped with both c-Systems and PartSmart," Frank points out. There are 11 terminals total. The computers themselves are upgraded every five years (typically two or three each year).

In addition, a Stanley Vidmar bin storage system is utilized in the parts room to improve organization and efficiency. Bar coding has also been implemented. These improvements have helped reduce some of the costs associated with operating the parts department.

The Fletchers push themselves to be even more efficient and profitable, continuously using those profits to invest in better strategies for operations. ■



# Time to Get TOUGH

**Tough times signal even tougher payment collections. By being proactive, you can get customers to pay without damaging relationships.**

**C**ollections are always an important part of your business, but take on an all new level of importance during downturns. When existing customers tighten spending and new sales leads come to a trickle, not getting paid for the work you do complete is not an option.

Unfortunately, most of the time we're so busy doing what it takes to provide our services that we fail to protect our businesses. Proper planning, coupled with the need to be proactive rather than reactive, can keep costs down and prevent your business from failing during a soft market.

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*When it comes to collecting payments and protecting cash flow, having a relaxed attitude will not pay off.*

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You can always save a lot of money with basic business practices such as open lines of communication, billing customers on time, appropriate contracts and change orders, purchasing the right insurance policies, gauging customer satisfaction with surveys, and thoroughly interviewing employees.

## **DUE UPON RECEIPT**

When it comes to collecting payments and protecting cash flow, having a relaxed attitude will not pay off. Usually it is not until a customer doesn't pay that we begin to backpedal and try to figure out how to get the money we worked so hard for.

If you don't collect payment in person when the job

is done, send an invoice the day you complete the repair. How long do you wait for your customer to pay his bill—30 days, 60 days? If you're waiting that long, chances are you'll experience a reduced cash flow or even a cash crunch.

All invoices should be due upon receipt, with the words "due upon receipt" highlighted. If you don't receive payment in 14 days, call your customer. If you wait to make this call, your customer will think you're sloppy, disorganized, and don't care about getting paid. However, the phone shouldn't be a collections device; it's a customer relations tool. For example, if you haven't received a check in 14 days, inquire, "Mrs. Smith, I noticed we haven't received your payment. Is everything satisfactory with the service?"

Placing follow-up calls can help you retain customers and keep them happy, making you less stressed. Don't underestimate the value of strengthening relationships with your customers.

## **THE BEST OFFENSE IS A GOOD DEFENSE**

Even before you get to the invoicing stage, there are vital questions you need to ask yourself as you begin every new job. First and most importantly, do you have a signed contract that states what you are going to do, what materials will be used, and what the timeframe is for completing the work? Without a signed contract, you can find yourself in trouble very quickly and, at that point, all the reactive measures in the world can't offer you much assistance.

Secondly, if anything changes from the contract, get a change order. How many times have you gotten to the end of the job to find yourself fighting for payment on the extra cost the customer approved over the phone but not in writing? If the customer asks for something outside the original contract, stop the repair and get a change order—and get it signed.

### WHEN A CUSTOMER DOESN'T PAY

Even the most proactive dealers run into customers who refuse to pay for completed repairs. Unfortunately, there aren't many cost-effective options for collecting debt. Collection agencies take a chunk of the money they collect for you. Attorneys' fees aren't cheap. The court system is time-consuming and ineffective, and liens are useless unless the customer tries to sell or refinance their home.

The key to collecting money from customers is to do it without damaging the business relationship. First, find out why the customer is late with the payment. Are they falling on hard times, or does he simply have no intention of paying?

If the customer is feeling a temporary financial pinch, talk to them (for a landscape company, talk to the president or owner). Tell them you are willing to be patient, but that you expect to get paid as soon as possible. Ask for partial payment as proof of good faith. If your customer plans to file for personal bankruptcy or if the business is folding up, move swiftly to try to collect something before all assets vanish.

Quality work, customer service and communication can go a long way in tight times. But, most importantly, it can keep your business prosperous. However, smart

businesspeople always consider new and different ways to run and protect their business. Consider all of your available options to protect your business, and look ahead to the future to anticipate your needs. If you serve your customer well, proactively protect your business, and have the right tools in place,

you can avoid a cash crunch, even in today's tough economy. ■

#### About The Author

Matthew T. Gugliotti is president of SolidContract.com, designed to help recover lost income and protect contractors from non-paying and slow-paying customers.

**YARD & GARDEN**  
Dealer Success Guide

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# Re-Energize Your Business

## 'Get Switched On' at

### The **DEALER** Experience

Your Guide to Profitability

Co-sponsored by STIHL Inc., The Dealer Experience benefits dealers of all sizes. **Educational sessions** provide step-by-step recommendations to help you improve dealership operations and increase your profitability. There's an **exclusive Dealer Club** for networking, checking e-mail, enjoying some refreshments or just a little relaxing. Dealers are also granted **exclusive 8 a.m. entrance** to the show floor—so exhibitors can give you the attention you need and deserve.

#### Thursday, October 29 Education

**8:30 a.m. - 12:30 p.m. (Session 1)**

**Keynote Speaker Chip Eichelberger** is one of the top motivators in the U.S. today. For the past 22 years, Chip has been an achiever in the only place that counts: the trenches. An award-winning salesperson, Chip has authored and co-authored numerous books, CDs and DVDs including the new "Get Switched On – Re-evaluate Your Life and Get What You Want ... NOW!"



Chip's keynote address will focus on:

- Formulas for sales success and failures
- A clear focus on your priorities
- A compelling vision of your desired results including game plan execution, measurement and accountability
- What is working and where you need to improve
- Actions you can take right now
- The beliefs of dealers with the best sales process
- Strategies for generating team momentum

A dealer panel following Chip's high-energy presentation will be an interactive session designed to share best practices on sales and marketing.

*NOTE: Pre-registration is required for all sessions. Visit [gie-expo.com](http://gie-expo.com) for more information.*

#### Friday, October 30 Education

**8:30 - 9:15 a.m. (Session 2)**

**Inside the OPE Industry** – Gain insights into the industry during a conversation between Fred Whyte (left), president of STIHL Inc., Bill Harley (middle), president and CEO of the Outdoor Power Equipment Institute, and Kris Kiser (right), vice president of public affairs for the Outdoor Power Equipment Institute.



**9:30 - 10:15 a.m. (Session 3)**

**Working Smarter with Lean Tools** – Jeff Hebbard has more than 17 years of experience in lean processes within the Ariens Company. During this session, Jeff will provide an introduction to lean principles that will drive out waste and improve efficiency in your business. He will share his experiences using lean tools such as standard work, value stream mapping and 5 S.

**10:30 a.m. - noon (Session 4)**

**Dealer Panel** – Leading dealers share best practices and strategies on business planning for increased profitability.

Join us at a press conference to introduce the newest STIHL products: Thursday, October 29, 12:30 p.m., Booth #5074.



**New for 2009**, the High-Performance Service Department, co-sponsored by STIHL, allows dealers to gain ideas that will help improve the efficiency and profitability of their service departments.

Consultant Bob Clements will be presenting several educational sessions, covering essential topics such as recruiting and retaining technicians, technician compensation plans, and flat-rate and menu pricing.

Dealers can also check out the latest specialty tools, workshop fixtures and service equipment.

Visit STIHL's model service area and attend educational sessions presented by STIHL:

### Thursday, October 29

**10:30 - 11:30 a.m.** – Handheld equipment service evaluation

**4:15 - 5 p.m.** – Handheld equipment carburetor diagnostics

### Friday, October 30

**9 - 10 a.m.** – Handheld equipment service evaluation

**1:30 - 3:30 p.m.** – Handheld equipment carburetor diagnostics

### Saturday, October 31

**9 - 10 a.m.** – Handheld equipment carburetor diagnostics



Visit [www.gie-expo.com/hpsd.html](http://www.gie-expo.com/hpsd.html) for more information.

## STIHL Sponsored Education for Your Customers

STIHL is promoting its products to your commercial customers and helping them re-energize their businesses, too.

National celebrity garden designer **P. Allen Smith** has unique insights on the hot new outdoor living trends that customers want. Landscapers can join Smith on October 29 (see below) as he shares fresh ways to think outside the box while providing tips that will help stimulate sales all year long.

P. Allen Smith book signing on October 29 at 4 p.m. in Booth #5074.

## Green Industry Conference Sessions

### Thursday, October 29

**Session:** Consumer Trends: What to Learn, What to Leave

**Speaker:** P. Allen Smith

**Time:** 9:30 - 11 a.m. and 2 - 3:30 p.m.

**Session:** Sustainability in Practical Landscape Management: A Kinder Way to Care for the Landscape

**Speaker:** Panel of industry experts

**Time:** 2 - 3:30 p.m.

### Friday, October 30

**Session:** Business Management: Weathering the Storm

**Speaker:** Charles Vander Kooi of Vander Kooi & Associates

**Time:** 1 - 2:30 p.m.

Registration available at [www.landcarenetwork.org](http://www.landcarenetwork.org)

## Excellence Awards Press Conference

The winners of the *Yard & Garden Dealers in Excellence* and *PRO Magazine Pros in Excellence Awards*—sponsored by STIHL Inc., Ariens Company and GIE+EXPO—will be announced during a special press conference at the show. For final details, stay tuned to [yardngarden.com](http://yardngarden.com).



STIHL is featured in the 2009 edition of *America's Greatest Brands*, an annual publication recognizing many of the strongest and most trusted business brands in the United States!

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[www.stihlusa.com/events/gie-expo.html](http://www.stihlusa.com/events/gie-expo.html)



# INVESTING for Success

**Strategies for advancing your business through practical reinvestment.**

**E**very outdoor power equipment dealer wants a successful, profitable business. They see to the business's daily operations, ordering equipment and parts inventory, supervising the staff and servicing the customers. When the year is done, and all the hard work and dedication has hopefully paid off, what now? What do you do with any profit dollars you accrued?

For some dealers, the decision is made before the profit is even earned. Developing an annual business plan is something strongly encouraged by Steve Hcctor, a business development manager for Scotsco, an Oregon-based distributor. As part of the company's dealership training, they assist dealers in developing and refining their business plans, including where and how to invest their profit dollars.

With the numerous factors that influence the success of the seasonal dealership business, it may be difficult to forecast profit earnings. Without specific forecasting, planning for business reinvestment may also be a challenge. It should, however, not be too difficult for a dealer who is very involved in the day-to-day operations of their business to know where it needs investment most. Many distributors, consultants and dealers advise investing money in similar segments of the business.

## INVESTING AND BORROWING

Before deciding what to invest in, how much will you invest?

"Dealers should be putting 20% of their profit right back into their business," suggests Hcctor. "The minimum they should invest each year is 5%."

Mike Marks, from the Indian River Consulting Group, warns dealers not to invest too much too fast. "Many more people go out of business than people think because they have grown too fast," says Marks. "After a good year they invest to grow their business, but they run out of dough and can't keep up with it—and it kills them." Dealers should be cautious when growing and be sure to only invest as much as they can maintain.

Marks suggests making small investments here and there instead of putting all of the investment dollars into one big investment idea. "Make lots of small bets," says Marks. "You can lose a lot of small bets and still be here tomorrow."

The actual dollar amount invested by a dealer depends on how much revenue is earned each year. Many times a large investment may not be entirely necessary or practical. At other times, a larger investment is needed than profit dollars will allow. When this happens, a dealer should consider the possibility of borrowing from a financial institution.

"We try to make a profit of between 5% and 10% of sales," says Charles Winstead of Land & Coates, a five-location dealership located in the Virginia Beach area. "If we have lots of profit, we will definitely use it to

reinvest. If the reinvestment is really necessary, we would borrow the money if sufficient profits were not available."

Ideally, a dealer's relationship with a financial institution should be built before the actual planning for reinvestment occurs. Having already built a relationship with the banker or financial institution has the potential to benefit the dealer greatly.

Stan Crader, of Crader Distributing in Marble Hill, MO, has sat on a bank board for 20 years, and has gotten to know how banks and lenders think. "I would really encourage dealers to get to know their bankers," Crader advises. "The more familiar a loan officer is with your total operation, the better the terms you will get and the more likely it is they will approve the loan."

Crader explains that dealers should begin to build those ties with the bank by setting up corporate checking accounts as well as lines of credit for purchasing inventory. However, building a relationship with the bank is only the first step in gaining their trust, ultimately leading to approval on a business loan. Crader warns that dealers should be prepared to prove to their bank that they are able to responsibly and effectively handle the finances of their business.

"Dealers are used to talking about how many trimmers they sold or what advertising they did," explains Crader. "They talk about when their next open house will be, not their return on assets. But a banker will ask those tough financial questions." Dealers should be prepared to talk to lenders about their return on assets as well as their profitability over the past few years. Crader advises dealers to prepare several

accurate, detailed profitability and cash flow statements on a regular basis to prove they have a strong handle on their business.

## WHERE TO INVEST

Once you have earned or acquired the funds for investing in the dealership, the goal should be to invest in any area of the business that would improve operations and reduce costs. "We try to invest in areas that make us more productive, which would help eliminate costs," explains Winstead. "We would upgrade our computers, for example, or modernize the shop to help the mechanics."

Technological upgrades are a popular reinvestment among dealers. Having an updated system with additional capabilities can help the business run as smoothly as a well-oiled machine. Additional computer workstations are also favored.

"The added revenue from a great snowblower season has allowed us to update and expand our computer network and website," shares Andy Egelhoff of Egelhoff Lawn Mower Service in Thiensville, WI. "We came to the conclusion that every key employee needs their own workstation with Internet access to be more productive," Egelhoff concludes.

What about the people working in the shop or at the computer monitors? These are the people who keep the business going, and Hoctor believes they should also see some of the reinvestment dollars. "Dealers need to reinvest first and foremost back into their people," Hoctor advises. "If you ask a typical dealer, they will say they pay their people well. Maybe they do, but most dealers don't

have an incentive plan or device in place to promote loyal, good employees."

A little incentive can go a long way. By offering employees who perform well throughout the profitable year an added bonus, dealers can build the employees' loyalty to the company. The more dedicated and loyal employees a dealership has, the less turnover it will experience. The resources used in hiring and training new employees will take away from the profits, leaving less money for future reinvesting.

An area of investment that will offer a great return is in the facility itself. Improvements on the structure and size of the facility will improve the overall value of the business. If you rent your facility rather than own, purchasing it may be something to consider.

"The majority of dealers rent their buildings," says Hoctor. "With rent continuing to go up, that is a huge strain on a business." Forking over the cash now

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***"Dealers should think about what the one thing is that they can change in their business that will make it more successful."***

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for a down payment or purchase of a dealership facility will alleviate the financial distress caused by future hikes in rent. According to Hoctor, this should all be laid out in the business plan. "A part of any good renting dealer's business plan should include putting money aside for a down payment on a building," Hoctor advises. "You have to plan for it."

Dealers who are enjoying a profitable business may think: If



Modern lift systems in the shop can greatly reduce the time it takes to repair equipment.

it isn't broke, why fix it? Instead of letting the successful aspects of the business coast along, they should be invested in to further increase their profitability. "Dealers should make sure they are maximizing the profitability of what they already have," explains Crader. "They should be putting systems in place to enhance the profitability of business segments that are already lucrative." Determine which group of products or segments of the business are offering the best return and consider allocating some reinvestment dollars to those areas.

As dealers actively running the business, you should know which areas would benefit most from investing. If you can't put your finger on it, Marks suggest this simple exercise. "Every process

has a critical constraint," explains Marks. "Dealers should think about what the one thing is that they can change in their business that will make it more successful." Marks also suggests thinking about the one thing that you find yourself apologizing to customers for again and again. By asking yourself these questions, you should be able to think of a few areas unique to your business that could use investment.

Knowing your business and knowing your market area are essential when planning for reinvestment. What is even more important, according to Marks, is that dealers know themselves and trust their instincts. "Dealers need to follow their instincts," explains Marks. "In their heart, deep down inside, dealers pretty much know

what they need to do to benefit their business. They know their customers, and can see where the market is going."

Planning for reinvestment into your business may seem like a very overwhelming task. For tips and ideas on how to reinvest successfully, discuss it with dealers who have successfully reinvested, your distributors, your bank and even customers. To find additional resources, reach out to your local dealer association.

It is important to consult as many resources as possible when developing a plan for reinvestment. After all the year's hard work, you want to be sure that profits are invested wisely, so ensuing years are even more profitable. ■

### Characteristics of Highly Profitable Dealers

- 70% grow sales at a rate of 5-10% per year
- 81% say less than 60% of total sales come from wholegoods
- 60% say 21-40% of total sales comes from parts and accessories
- 64% say 21-40% of total sales comes from service labor
- 87% service mass merchant-sold equipment
- 60% charge a \$60 to \$80 per hour shop labor rate
- 74% say less than 40% of total sales comes from commercial customers
- 74% say more than 40% of total sales comes from residential customers

Source: 2007 *Yard & Garden* State of the Dealer survey results. "Highly profitable" is classified as end-of-year pre-tax net profit of at least 10%.

## Terry Coffin, General Manager Beard's Outdoor Power Crestwood, KY 2008 Dealers in Excellence Winner



### Why did you decide to move into a new dealership and what features did you include for functionality and profitability?

Having been a dealer since 1958, the Beards have attracted many return customers. As their customer base grew, so did their desire to own rather than rent. "The main reason for building in a new location was to have a place of our own instead of leasing like we had been doing for the last 18 years," explains Terry Coffin, general manager for Beard's Outdoor Power. "We had looked at several different options but they all seemed too dead end for us until a couple of years ago."

In 2006, the Beards stumbled upon a piece of property just a quarter mile down the street from their original location. "The 4-acre plot was just put on the market and happened to be exactly what we were looking for," shares Coffin. "We felt the new building could be designed to better fit our needs, and would be more attractive to new customers."

In considering facilities for their dealership and refurbishing the one they decided upon, the Beards visited other dealers to find out what worked for them. "We visited several different dealers in this industry who had built new facilities, and took some of their ideas along with some of our own to come up with the design," says Coffin.

### FEATURES AND FUNCTION

The new facility itself may not appear to be too different from the last, but it houses some of the best features for efficiency in operations. The team did an extensive assessment of factors contributing to a successful outdoor power equipment business along with the many visits made to other dealers' businesses.

The Beards and Coffin took what they learned from other successful dealers and implemented it in their

own facility. The new 40,000-square-foot dealership houses state-of-the-art features that lend themselves to greatly improved efficiency. Efficiency is something that the Beards value as their customer base continues to grow. "The reason we tried to focus on efficiency was to provide our customers with better service and have less lost motion, which in turn creates more profit," explains Coffin. The new shop at Beard's Outdoor Power was designed to give technicians easier access to their work area, with the equipment brought in for repair stored right next to the shop for easier access. Technicians also enjoy the accessibility and organization afforded by the 30 feet of Lista parts cabinets.

"We have a drive-through wash bay so the equipment can be cleaned when it comes in for service," Coffin explains further. "The technicians have hoists to lift the equipment for easier service. The part they like the most is that the shop is air-conditioned."

By making the job of technician just a little bit easier, they are likely able to get more work done and at a better quality. Criner agrees. "Dick is very proud of the that fact they have been able to improve the flow of equipment in the shop," he explains. "They are using a fully automatic chain sharpener, a remote controlled exhaust ventilation system for equipment testing, and overhead cranes for hoisting mowers for repairs. All of these improvements contribute to a faster turnaround time for their customers."

Another way the Beards have been able to improve the flow of equipment in the dealership is during its initial delivery. The new facility features a concrete floor that allows equipment delivered by distributors to be wheeled by pallet jack right onto the showroom floor for quick assembly.

"Our plan for the future of Beard's Outdoor Power Equipment is to keep growing and provide the best customer service consumers can find anywhere," shares Coffin. ■

# COMMUNITY FIRST,



Hamilton (at center holding award) receiving a proclamation from City Mayor Norm Archibald.

# Profits Second

**Texas dealer invests time and resources into his community, building a dedicated customer base and receiving recognition along the way.**

Hamilton speaks with a local television station about receiving the Quarterly Business Award.

**T**here are many areas of the business that dealers can focus on to be profitable. Increasing billable hours in the service department and parts sales are just a couple. David Hamilton of Hamilton Supply in Abilene, TX, says that the key to his success is community involvement.

Hamilton works in a third-generation family business that has been in operation since 1969 (See "The Hamilton History"). Community involvement wasn't always a part of the business's focus. "Before I joined the business, my father and granddad were interested in community involvement, but didn't have time," says Hamilton. When he joined the dealership, there was more time to get involved in things outside the business. "With them down at the dealership, it gave me time to spend in the community doing different things," says Hamilton.

## GETTING INVOLVED

Hamilton has been a part of many community events

and efforts. He is especially passionate about serving on the committee for the Legends Dove Hunt. "I enjoy working on it because it benefits the Children's Miracle Network, and all the money stays right here in Abilene."

Hamilton also served as a past board member of the Abilene Business Council of the Abilene Chamber of Commerce, the National Federation of Independent Businesses, and the Abilene Chamber of Commerce. Hamilton Supply is also a member of the Better Business Bureau.

"I think it is so important for a small-business owner, especially today, to be a member of the Better Business Bureau," says Hamilton. "Businesses are getting away from the customer service like we once had. With the Internet, people will contact the Better Business Bureau to see what kind of rating the business has, and it's best to be a member when they make that call."

Recently, Hamilton Supply was selected as a Business Salute Recipient by the Abilene Chamber of Commerce. The honor is given to an area business that shows a high



## The Hamilton History

Hamilton Supply, like most outdoor power equipment businesses, has been in the family for a few generations. D.C. Hamilton opened the third-generation business's doors in Abilene, TX, in 1969. The business started out as a distributor of Briggs & Stratton small engine parts.

From the start, with only three employees, they served a 100-mile radius. Just a few years later in 1972 the business had grown greatly and welcomed D.C.'s son Fred into the family business. Fred stayed at the home base handling daily operations while D.C. hit the road distributing to dealers. When he was younger, D.C.'s grandson and current owner David Hamilton spent summers helping out, and in 1981 started working there full time.

Business was booming and a new building was built for better and faster distribution. In the early 90's, manufacturers eliminated the discount-level service distributor. The three Hamilton men decided to enter the retail side of the business.

D.C. and Fred have since passed, and Hamilton carries on the torch of quality goods and excellent customer service. His mother Ann is actively involved in the business as well. Hamilton's wife Carman is an elementary school teacher who helps out in the summer. The Abilene community is glad the Hamiltons decided to stick around. ■

level of ethics and provides exemplary customer service.

"The Business Salute was a big honor," says Hamilton. "But the biggest honor of all is the response we have gotten from customers." Many Hamilton Supply customers had cut out an article in the local newspaper highlighting the award ceremony and sent it on to Hamilton with a letter or card. Some read:

"Congratulations on the recent honor. You have definitely set the bar high for other companies in town."

"Congratulations on the Business Salute Award, well deserved."

For Hamilton, the notes and cards that poured in made it all worthwhile. "We've gotten card after card—and that makes you feel really good," says Hamilton. "We are doing something good and customers are recognizing that." The letters from customers and plaques awarded to the business are displayed in the dealership to show their dedications to the few customers who have not already heard about the great things they are doing.

## MAKING TIME AND INFLUENCING OTHERS

Since Hamilton's father and grandfather have passed away, he has had to spend more time managing the business, but continues to save some time for the community. "It's a big key to success of a small business-person to be involved in the community," stresses Hamilton. "You meet a lot of people when you are involved in things in the community, and the people you meet want to do business with people they know. They want to do business with people who support the things they support."

Building that bond with community locals also helps Hamilton to compete with the big box competitor down the street. "I think people are more willing to buy from a friendly face; somebody they know has their

best interests in mind," explains Hamilton. "Someone we meet while out in the community is less likely to buy from a big box store. If they have already, they will come to us for repair and parts, and think of us for their next big purchase."

One of the organizations that Hamilton is still actively involved in is Project Graduation. The program pulls sponsors together to host a graduation party for high school students that includes food, prizes and games in an alcohol- and drug-free environment that is supervised. The event gives Hamilton the chance to reach out to younger members of the community.

"It's important to build relationships with younger members of the community," says Hamilton. "It might help in the rise of this industry. This industry is one many may have never even considered. I hope that seeing our involvement opens their eyes to different avenues."

Hamilton also hopes his involvement in the community influences his employees to do something extra with their time. "I try to let my actions influence our employees to do the same," shares Hamilton. "Maybe if they see the relationships that I have built with people over the years, they will want to get involved." Many of the employees at Hamilton Supply are involved in their community through church organizations.

The two people Hamilton hopes to influence most are his sons. The two are not involved in the business much now, but he hopes they show some interest in outdoor power equipment and making a difference in the community. "I'm hoping my sons will get more interested in it all, but I don't want to force their hand at anything," says Hamilton. "If they do get involved, I hope it will eventually free up my time to do even more for the community." ■

# Dealer Successful Marketing Report

**In a survey conducted by *Yard & Garden* magazine, dealers share what marketing techniques get the best results for the best price.**

**A**s daily marketers and frequent consumers, dealers realize that there are many techniques for marketing. The cost and effectiveness of each varies greatly.

*Yard & Garden* magazine has collected data on how dealers today are spending their marketing dollars in the most successful ways. (See chart on opposite page.)

The amount of money spent on marketing products and services often depends on the size of the dealership. The majority of outdoor power equipment dealers (88%) spend up to 3% of their total dealership sales on marketing. Smaller dealerships, naturally, are more likely to spend less than 2% of their annual sales on marketing.

## POPULAR MARKETING

According to the survey results, the majority of dealership marketing dollars are spent on advertising in the form of newspaper ads and inserts, Yellow Page listings and dealership websites. One dealer who participated in the survey swore by using the Yellow Pages and his website in a dual effort to reach consumers, saying, "I always use the Yellow Pages and web because practically everyone has a phone or computer."

Using both techniques helps reach the traditional customer who will page through the Yellow Pages or newspaper ads, along with the consumer of today who is more likely to search the Internet for what they view as their best choice in a dealer. Nearly 50% of dealers surveyed primarily advertise in one of these three forms.

## GETTING RESULTS

While the three marketing techniques mentioned above are the most common and have proven effective for many dealers, there are other ways to get results.

For instance, direct mailing puts the customer in direct contact with the ad or flyer itself.

"Direct mail flyers are our most effective form of marketing by far," one dealer shares. "The consumer is forced to manually process the mail in his mailbox, therefore giving the flyer more face time." Another dealer agreed that direct mail is a great way to advertise, saying, "Direct mail is a great way to reach out to the customers who already support us."

The success of a marketing effort often relies on the dealership's surrounding area or the area to which they are marketing. What might work well in a highly populated area could return fewer results in a neighborhood with little traffic. "My business is located on a busy interstate highway," one dealer illustrates. "Parking our equipment outside on the parking lot near the access road is our most effective form of advertising."

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***The praise of satisfied customers promoting quality service received at a dealership is both cost-effective and successful.***

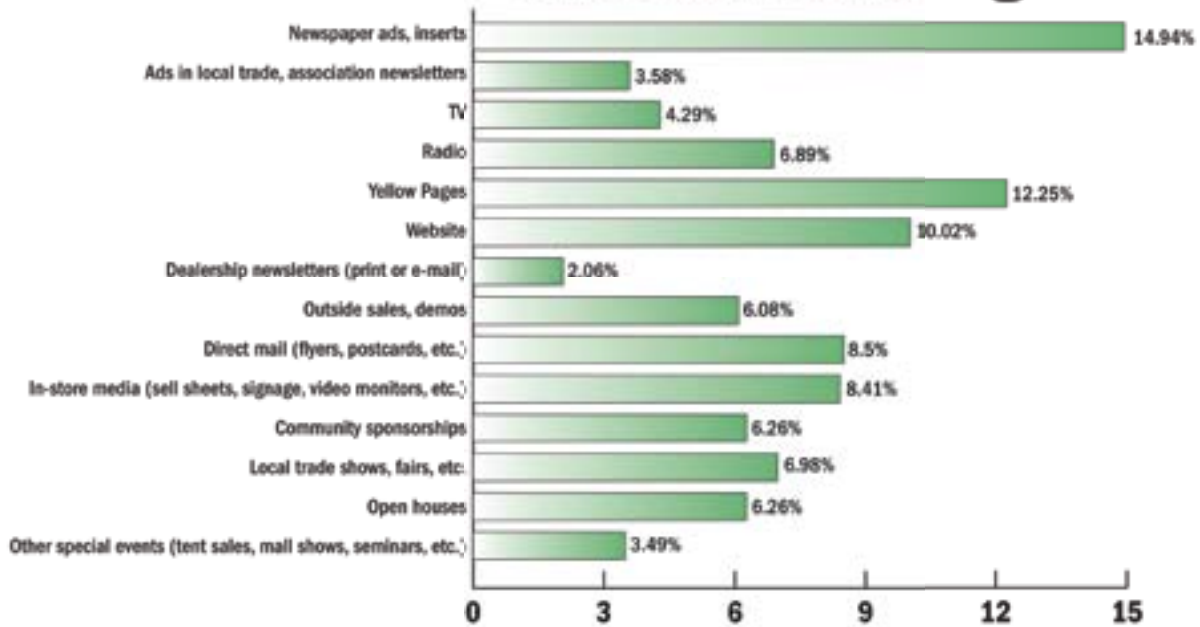
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This particular dealer has his employees spend roughly 45 minutes a day hauling equipment in and out. In an area with less traffic, these efforts may not be worth the sales they would bring in. Dealers should consider their target audience and think about surveying their current customers to see what catches their attention best.

One tool for marketing that works in all regions is word of mouth. The praise of satisfied customers promoting quality service received at a dealership is both cost-effective and successful. "The most effective advertising for us is our customers themselves," one



## Dealer-Preferred Marketing



dealer shares. “Referrals make up a large part of our new customers. If you make a customer happy, and they tell others, it is much better than just placing an ad.” Dealers can enjoy the gratification of referrals by simply continuing to provide high levels of customer satisfaction and encouraging referrals with small discounts on service, parts or equipment.

### PROMOTING CREATIVELY

There are the tried and true marketing techniques like word of mouth, and then there are the new and more creative approaches dealers are beginning to try. Using unconventional forms of marketing can surprise a customer, alerting them of the equipment and services available in a form they are not used to.

A trend in marketing that would be smart to follow is ensuring that the marketing itself is focused. Concentrating on areas where desired consumers are located and targeting the right audience can

result in better sales leads. “Print ads placed in regional or customer-specific publications can provide a great return on the advertising dollar,” one dealer advises. To examine where the target audience may be, ask current customers for their zip codes and see where the more concentrated areas lie.

An increasingly more common strategy for marketing is dealer-hosted open houses. Dealers are often inviting current or prospective customers to visit their dealerships and try out the equipment offered.

To approach the open house idea more aggressively, dealers should consider the tow and show. Dealers or salesmen, along with their equipment, visit the customer’s property where they are able to demo the equipment. Seeing how the product handles their needs and noticing the trouble the dealer went to are great selling points.

Once the initial sale is made, there is also an opportunity for clever marketing. Dealers can offer small discounts on a return for

service or the purchase of more equipment. Placing a courteous phone call asking how the customer enjoyed their experience is another way to follow up with marketing. “We do a lot of phone calls,” one dealer shares. “The phone calls are a great way to stay connected to your customer. A friendly phone call once or twice a year means a lot to most people.”

Some manufacturers today are putting a stronger emphasis on supplying dealers with new advertising materials and tools as well as creating national advertising campaigns. While the assistance from manufacturers can help tremendously, dealers likely know their market area best and have greater control over the marketing efforts. Dealers should carefully research their markets and develop marketing plans that compliment the manufacturers’ services while demonstrating cost effectiveness as well as sales success. ■

# Realizing and Meeting Contractor Customer Needs

Gross profits must be built upon relationships driven by variables other than price.



**T**hey are your best friends, and sometimes your worst. They are the backbone of your business. They can be loyal, but they can run to the competition for a lower price in a heartbeat. They can also be slow to pay you. In this article, I'd like share what your contractor customers want—and what you can do to provide it.

First off, contractors are not complicated people. They want to make money, and they want to make as much as possible with the least amount of wasted motion and effort.

Second, contractors can be narrow-minded. They often suffer from tunnel vision, which causes them to make decisions that appear to be penny-wise and pound-foolish. Keep in mind that most of them have little business management experience. They are small owner-operators whose businesses have been their only job—ever.

Notice that I did not call them entrepreneurs or busi-

ness people. This is not a statement of disrespect. It is a statement of fact that most will confess is true and accurate. Nonetheless, they are smart people who know value when it is explained to them. They will understand how you can help them make money.

Here's what many dealers think contractors are interested in (in order of priority):

- Price
- Product
- Service
- Ideas

In reality, here's what most contractors need and want:

- Ideas
- Service
- Product
- Price

It's just that they won't tell you this directly. Plus, the two of you have been locked up in the price dance

for so long that you talk about little else. This type of dance never builds real loyalty and certainly isn't great for your gross margins—or theirs. So there it is: Gross profits must be built upon a better relationship driven by variables other than price.

Let's start with some basics established by a survey of the customers of the top manufacturing and distribution companies in the U.S. The study concluded the following: Customers were more loyal when their salesperson or vendor:

- Managed the customer satisfaction personally
- Understood the customer's business
- Expertly recommended solutions
- Solved problems

## MANAGING THE CUSTOMER SATISFACTION PERSONALLY

A good relationship is based on a shared sense of destiny and courteous service. Your computer system must be designed to capture information such as personal data, purchasing history, and product likes and dislikes. You can mine this information to keep track and "remember" customer preferences, and to contact your customers with new information regarding products and availability.

Contractors love dealers who remember their names and preferences, and are proactive in sending them information that can help them make money. Have your salespeople call your best customers at least monthly, and send out weekly emails on new ideas, products and pricing promos.

## UNDERSTANDING THE CUSTOMER'S BUSINESS

Every day is a crisis day and a firefighting experience for a contractor. Trust me, there is rarely a day when "it works." Their biggest problem is lack of help and expertise. It is not figuring out how to help you sell them more stuff.

But it's more stuff that you want to sell them. Your salespeople must keep in mind that the average contractor has poor systems for material acquisition. Many contractors could use a lot of help in planning forward, tracking inventory, and having the right stuff available when they need it.

What's the answer? Get on-site and show contractors how to manage materials. In fact, help them set up an "in-house store" with minimum stocking and reorder points for their most basic and frequently used parts and pieces. It's the little orders that kill them, not the big ones.

## EXPERTLY RECOMMEND SOLUTIONS

Train your sales staff to be problem-solving experts from the contractor's point of view, not the factory's point of view. Contractors admire the MacGyver factor. They are practical people who value practical solutions and fixes.

You should meet with your sales staff monthly to brainstorm about the most frequently ordered products, the ones that come back broken most often, and determine solutions and some prepackaged kits to address these "problems." By doing this you become the expert, and you end up saving your contractor customers money. They appreciate someone who looks out for them.

## SOLVING PROBLEMS

If it breaks, fix it—or give them something in the meantime so they can keep on working. You can even charge them for this service, within reason. Every

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*Many contractors could use a lot of help in planning forward, tracking inventory, and having the right stuff available when they need it.*

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company on the planet sells some kind of service contract as insurance against downtime. Downtime is the enemy of every contractor. Keep your contractors up and running and they make more money, plain and simple.

That's what they want and need. Now it's your job to deliver it to them. Just like it's easier for you to work with a minimal number of suppliers, it's easier for a contractor to work with a minimal number of dealers. In fact, working with just one or two dealers is every contractor's dream.

They also need a real partner who will provide help. Contractors will get over the low price tunnel vision when you deliver. Show them on their bottom line that they made more money with you. Even though they may have paid a little higher price on some items, in the end they saved money in so many other ways. ■

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### About The Author

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Kevin Kehoe is the owner-manager of Kehoe & Co. ([www.kehoe.biz](http://www.kehoe.biz)). He is an experienced and inspiring speaker, consultant, author and business educator who brings 20-plus years of "real world" business management experience to a conference setting, the boardroom or your training program. He is a published author of several books and more than 150 business and trade magazine articles. Kehoe has also been a judge for the *Yard & Garden* Dealers in Excellence Awards.

# Possessing the BE Attitude

**Conveying the right attitude in business can help maintain customer satisfaction.**

**T**he number one reason customers leave a company is a poor attitude from an employee. I've discovered that there are specific and practical attributes that every successful businessperson must possess in order to convey the right attitude and image.

**BE honest.** It may sound simple, but honesty is often neglected in our society. If someone within your organization didn't order a part, do not tell the customer that the part is on back order. Inform the customer of your oversight, apologize and guarantee that you will order the item immediately. Most customers will appreciate your honesty.

**BElieve in your product, people and services.** If you do not have confidence in your products and/or personnel, then you have some work to do. Re-evaluate product lines, people and practices. If you don't believe in your business, then it's high time to do what it takes to have the confidence to move forward.

**BE goal oriented.** A business plan will give clear and concise guidelines for all team members, producing the confidence and results your clients demand. A tool drives your business towards achieving goals. Goals are foundational and must be implemented to succeed and thrive in today's market.

**BE assertive.** Once goals are set, be assertive in attaining them. In my position as a territory manager, I get outside the store and visit commercial landscape contractors. The world of opportunities that lie outside of a dealership's four walls is amazing. Carve out some time and visit current and potential customers. You will be amazed at the feedback and the knowledge gained from visiting your clients, not to mention the increase in sales that will follow.

**BE efficient.** Efficiency is vital to so many areas of business. Common areas you must be efficient in: returning phone calls, processing orders/shipments,

parts returns, technician efficiency rates, delivery/sales routes and time management. Profitability is tied directly to efficiency.

**BE profitable.** Profit is what keeps you in business, available to service your clients now and in the future. You should know what margins are acceptable for your organization by department.

Calculate the price for a desired 22% GPM on a \$100 product with the following formula:  $\$100 \text{ (cost)}/.78 \text{ (}100-22=78\text{, place a decimal before }78\text{)} = \$128.21$ .

**BE educated.** Whether through college, technical schools, personal experiences or reading trade magazines, continuously educate yourself. This will lead to a lifetime of knowledge and achievement that customers appreciate and gravitate towards. Education breeds confidence and confidence never goes unnoticed.

**BE branded.** The best way to be branded is through proper marketing and merchandising of your store, property and self. By branding yourself and looking the part, you stimulate conversations that could lead to extra business off the clock while providing a professional appearance on the job. Properly branded clothing, apparel and vehicles make you identifiable and help in building rapport.

**BE a communicator.** Great communication is the key to success in many areas of life. In business, proper communication dispels fear and promotes confidence. Communicating ideas with staff and coworkers on how they can be successful, along with notifying customers of deals or services they may benefit from, are great ways to be a positive and effective communicator. ■

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## About The Author

Jay Gaskins has worked in the power equipment business his entire life. Currently he is a territory manager for STI-Turf Care Equipment in Charlotte, NC.

**“In this era of increased competition and higher customer expectations, dealers have two choices. They can either invest and upgrade their business to compete in this retail climate, or they can sell their business and retire.”**

- Dealer Success Guide, Volume 4, Page 17



Wayne Jones  
of J&B Saw  
& Lawn in  
Henderson, TX

2008 Dealers  
in Excellence  
Winner

**W**hen a mom and pop shop in east Texas was ready for new ownership, Wayne and Becky Jones stepped up to the challenge. The Joneses quickly stepped in with intelligent ideas for how to operate J&B Saw & Lawn in Henderson, TX. What they

## POWER EQUIPMENT SUPERSTORE

In creating their vision of an outdoor power equipment superstore, the Joneses revamped the tired skating rink and turned it into a bright and attractive dealership with a 10' x 6' digital information screen on the front of the building highlighting product features, time, temperature, etc. They now operate out of a 6,000-square-foot showroom, sales and parts area and a 5,000-square-foot shop and warehouse area. Carefully placed plants and other decorations brighten up the carpeted showroom. Equipment displays are moved around monthly to maintain a fresh look.

The move and revamp proved to be the right idea for J&B Saw & Lawn. “The second year at the new location sales went up 35%,” shares Wayne. Their sales success gave the Joneses more confidence, and they decided to pick up Exmark and Honda mowers as well as a line of ATV equipment.

The shop is assessed just as carefully as the showroom, with efficiency and quality service in mind. “Whether homeowner or commercial, all of our customers appreciate and value quality service, products and parts in stock when they need it,” says Wayne. “We try to keep the sales and service area clean and neat for efficiency in the shop and customer appeal in the sales area.” The shop has central air and heating as well as four equipment lifts.

A strong focus on the capabilities of their facility helps the Joneses easily meet the needs of their customers, something they hope to do for many years to come. “Some customers shop only price and the box stores are there for them,” explains Wayne. “A large segment of the population still values quality and service—and we are there for them and will continue to do our best to supply it to them.” ■

Carefully placed plants and other decorations brighten up the carpeted showroom while equipment displays are moved around monthly to maintain a fresh look.



didn't know in the beginning they quickly learned on their way to becoming a top outdoor power equipment dealer.

The Joneses continue to work hard at improving their business and continue providing the highest quality of service. Their diligence has kept their customers coming back for more. Eventually, their growth was so great that they had to consider a new, larger facility.

“Due to our good service department, our business continued to grow, and we had a strong desire to add other products,” explains Wayne. “We just simply didn't have the space for it.” The Joneses made the decision to purchase a skating rink in a high-traffic area and convert it into what they envisioned would be an outdoor power equipment superstore.



Steve Brady of Brady's Power Equipment in Stormville, NY

2008 Dealers in Excellence Winner

**"No matter how great the leader, they need a capable team to lead. And being a great leader is dependent on a commitment to team-member skill development."**

- Dealer Success Guide, Volume 3, Page 9

**B**y keeping staff involved in their accomplishments, and ensuring the next generation is committed, the Bradys have been able to plan for a profitable future.

For some dealers, the power is in the brand, others the service. At Brady's Power Equipment in Stormville, NY, they find their power is in their people. This multi-generational family business has worked hard to build strong ties to members of their community and with their employees. It was not a difficult task, considering they treat everyone like family.

Focusing on the success and well-being of their community and employees alike has secured for the Bradys a bright future as an outdoor power equipment dealer.

### INVESTING IN TECHNICIANS

The Bradys continuously invest time and money into their technicians to help them improve their skills as well as turnaround times in the shop. This includes covering the expense of training and offering incentive pay.

"If my guys are all certified, they are going to do a better job and I can reward them for that," shares Steve Brady. "We put certificates up all over the

dealership showing that our techs in the backroom are attending seminars and schools. It's a great thing. It costs us money but in the long run is going to make us money back."

Brady has also put some money into creating a job tracking system for the service department, improving it on all ends. To prevent technicians from picking and choosing which jobs they wanted, each was given an inbox where jobs assigned to them are placed. When handing over the jobs, the person writing the service order will consider each technician's skill level and strengths before assigning it appropriately.

Job status is tracked and falls into one of three categories: "jobs in progress", "parts ordered" and "to be worked on". "This way we know exactly where we are," explains Brady. "When a customer calls to ask about their machine, we can easily tell them the status. One thing we always do is keep the customer in the loop."

Brady has chosen to control the dealership operation as best he can, where he can. "In the front part of the business, you're restricted by margins and many other things," says Brady. "The backroom is your money-making machine and we try to get the efficiency up." ■



**The Bradys continuously invest time and money into their technicians to help them improve their skills as well as turnaround times in the shop.**



Josh and Jeremy Ahearn  
Ahearn Equipment, Spencer, Mass.

## “Our parents gave us a 30-year head start on a great future.”

Josh and Jeremy Ahearn literally grew up in their parents' outdoor power equipment dealership. Today, the sons are poised to take over the booming business. “Bringing the boys in re-energized all of us,” says dad, Tim. “Our parents believed in the business, and so do we,” adds Josh. And business has never been better, especially since their

decision to go STIHL Elite. “Consumers want premium brands you can't get at the box stores,” Jeremy says. “STIHL Elite gives us that advantage, improves our margins, and lets us compete right alongside the big boys.”

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Jennifer Silence  
Al's Lawn Care Products  
Lutz, FL

## **“Tough times are easier when someone has your back”**

“You can’t plan for economic times like these. But keeping your business in top shape all the time can get you through the tough stretches. Dad built this company on outstanding service over 23 years ago, so our customers are very loyal and that helps right now. We’re also STIHL exclusive, so with their great support and our service reputation, the

business keeps growing. I’m proud to eventually run the company my parents started, and proud that STIHL is the only handheld brand we carry. With family and STIHL behind me, how can I lose?”

[www.stihlusa.com/dealer](http://www.stihlusa.com/dealer)

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