

A CYGNUS PUBLICATION

YARD & GARDEN

The business management Survival Guide for today's full-service outdoor power equipment dealer



□ Dealer Survival Guide □ volume 6

A supplement to Yard & Garden magazine

□ Raising the bar ...
of professionalism

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Straight Talk from Dealer to Dealer

Greetings Fellow Servicing Dealers,

As a third-generation dealership owner and 24-year veteran of the outdoor power equipment industry, I have learned many lessons, one of them being to invest the time in evaluating how I can make my dealership better and stronger every year.

One of the resources I have found helpful is the *Dealer Survival Guide*. With articles ranging from "Merchandising 101" and "Building Your Image" to "How to Make the Most of Your Advertising Dollar," the *Dealer Survival Guide* tells it all. I have practiced many of the ideas recommended in this publication and have found them to be invaluable to my business, resulting in significant financial gains.

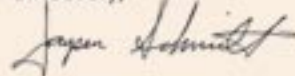
In 1996, I took a gamble. After seeing a photograph of what we know now as the Stihl Concept Store, I completely renovated my showroom. I put up new outdoor signage, new shelves, new counters, new displays, price/product tags and expanded accessories. Within a year, my sales increased by 60 percent. Today, we are finalizing the installation of a 24-foot addition to our Stihl Concept Store to effectively display an expanding line of products and accessories. I feel that my showroom will now enable me to attain 100 percent of potential Stihl sales.

I took another gamble in the fall of 2000 when I attended one of Jim Yount's weekend seminars on dealership efficiency. It was the best money I ever spent. Jim offered tips on how to reduce overhead, how to implement flat rate schedules on repairs, and how to execute initiatives for retaining my key servicemen. A year later, as a result of utilizing Jim's ideas, my dealership experienced a 50 percent increase in revenue. I am planning to personally retain Jim on a consulting basis this year to review other business management issues such as monthly profit and loss statements, ratios on profit to payroll and gross sales to advertising. Many of Jim Yount's business strategies are scattered throughout the *Dealer Survival Guide*.

All said, in five short years, my sales and most importantly, my profits have more than doubled. Industry information found in publications such as the *Dealer Survival Guide*, as well as industry training programs, like Stihl's Retail Readiness sales, marketing and business management series, have no doubt made a significant impact on my dealership. And thanks to this support, my dealership is thriving, not merely surviving.

I recommend taking a few minutes to read the *Dealer Survival Guide* and to try out some of these growth initiatives at your dealership. The cost of not doing them far outweighs the risk.

Sincerely,



Jaysen Schmidt
Schmidt's & Serafine's, Inc.
Waterbury, Ct.



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Gregg Wartgow, editor

The *Yard & Garden Survival Guide* was conceptualized nearly three years ago. It was based on the following premise: re-publish some of *Yard & Garden's*



most-requested business management articles, giving dealers a business management "survival guide" in a 32-page handbook.

We're now up to Volume 6 (thanks again to Stihl). The calls keep coming; dealers requesting articles they've "recently seen in *Yard & Garden*." So Volume 6 is once again a compilation of some of the best business management

articles from the last few years.

We're calling this edition "Raising the Bar." The articles selected deal with a host of important topics ranging from choosing a computer system to organizing your showroom to managing interest expense. What do all these stories have in common? They provide tips and techniques designed to help you take the next step in professionalism — something that is becoming more and more necessary in this industry.

This ties in nicely with our new "Year of the Dealer" program, sponsored by Stihl, the Ariens Companies and the EETC. We feel this industry is at a very critical stage. Dealers are the most critical component to the distribution process. Yet, they aren't always given the respect they deserve.

The "Dealers in Excellence" awards to be handed out at EXPO in October will recognize three dealers who do deserve a tremendous amount of respect. They have taken the next step in professionalism.

See the nomination ballot on page 3 of the March issue of *Yard & Garden* to nominate the best dealer in your area, even if that dealer is you.

We know that there are surely many dealers deserving of this award. Maybe one of them is you. However, just like in any award selection process, not everyone can win. If you aren't recognized, that doesn't mean you're a "loser". In the grand scheme of things, if you're taking the necessary steps to "raise the bar" of professionalism in your dealership, you've already won.



The demise of a dealership

In the fall of 2000, I was forced to close my \$250,000-a-year dealership. What in the world happened?

By Jay Gaskins

When you asked me for my input on why dealers fail, I was excited — yet sad. I was excited to share my knowledge and experience of a failed business with the *Yard and Garden* audience. However, I was sad that an article of this nature is newsworthy. But it is the nature of the business today.

I agree with many of the manufacturers, distributors, etc. when they say that large dealerships are the future of the outdoor power equipment industry. Many small, mom-and-pop stores will inevitably fail. However, I do believe that there is hope for some of those small stores.

I habitually visit different dealerships, and I find myself critiquing them based on their outer appearance. Although outer appearance is certainly crucial for a dealership, I feel that what goes on internally has more ramifications; for internal decisions manifest themselves directly in outward appearance. Before I share some of the problems that I feel face today's dealer, whether large or small, please allow me to give you my background.

The family business

After working in my family's outdoor power equipment business for five years (Gaskins Saw & Equipment Co. Inc. in New Bern, North Carolina), I purchased the business in the spring of 1995. Traditionally a chain saw shop for over 30 years, I immediately sought to transform the three-man operation into a full-service lawn, garden and forest store. I added Briggs, Kohler and Tecumseh, Husqvarna consumer products, along with Toro consumer and commercial products.

Also, I began servicing all brands of equipment. Initially, I felt this was the right thing to do. But in time, it turned out to actually be one of the factors causing our unprofitability.

I started out with a bang, because of hurricanes Fran and Bertha. We sold and serviced more chain saws and generators in two months than in the whole year prior. Business continued to boom over the next year, and I decided to build a more modern facility than our current 50-year-old, rusted steel building.

With a new four-lane bridge set to open up within a year of building, the city of New Bern would have greater access to my store, which would bring much-needed revenue to cover the cost of the new building.

It turns out that the new bridge had a different effect. It actually cut down on our business because now my customers could go to my competitors more easily while shopping in town.

Due to several factors, including the new bridge, we were forced to close after only two years of operation in the new facility. My final decision to close was a logical one. We hadn't made a profit the last two peak seasons, so I knew we would never survive the coming winter.

“Buying a state-of-the-art computer system or a fancy lawn mower lift will not bring a dealer success. But, changing our mindset and way of thinking may.”

— Jay Gaskins

Yes, we were unprofitable, though not due to a drop-off in sales. In fact, sales were the same as they were at our previous location. But our previous location was half the overhead — and that was a big factor.

The owner's job must come first

As a small business owner, you have to be a “jack of all trades.” Unfortunately I was the proverbial “master of none.” For example, it was common for me to begin work on a mower that was, maybe, an hour job. During the job, I'd stop to wait on a customer, answer the phone, talk with a sales rep, etc. The next thing I knew, it had taken me an entire day to do that one-hour job!

I'm sure this is everyday business for a lot of dealerships. But I feel there is a real danger in this mindset. The mindset should be, first and foremost, that you

are the business owner — and the owner's job should come first. That means keeping track of profit and loss, accounts payable and receivable, floorplans, etc. Unfortunately, I didn't realize this until it was too late.

However, I have benefited from the whole situation and have learned greatly from the "school of hard knocks." It is my hope and prayer that if only one dealership benefits from my insight, then it will be worth the effort.

Keep your focus

Buying a state-of-the-art computer system or a fancy lawn mower lift will not bring a dealer success. But, changing our mindset and way of thinking may.

As stated earlier, I feel that big business is going to be the face of outdoor power equipment in the future. Our society loves the one-stop big box store. However, I know that small businesses can still thrive in this new "bigger is better" era. But a small business needs to think like a small business and keep its focus.

Here's where I believe I made a big mistake. When I became a full-fledged dealership, I decided to service all brands of small-engine equipment. I believe that was the wrong decision.

It may sound crazy, since I already had the tools, equipment and parts to work on most anything. But in reality, for a three-man operation such as my dealership was, it is just too difficult. I am not talking about the small shops that just service equipment. I'm talking about the small (below \$500,000 gross annually), multi-line dealers who sell major brands and provide service. It was hard enough for us to focus on the lines we carried, much less trying to become an expert on the hundreds of other brands out there.

Looking back, had I focused on the sales and service of just our lines, and turned down the other brands or put them on the back burner, I would have been much more profitable.

Fear of change

I've heard it said that, "The definition of insanity is doing the same thing over and over and expecting different results." This was an understatement in my business. I kept hoping that it would turn around next spring, without doing anything to help it do so.

Appearance. For example, my showroom got disorganized and filthy during the peak season. There were parts boxes everywhere, product was in disarray, and

there were even cobwebs on my windows. I had been putting off cleaning it for over three months when a friend of mine, who has a strong marketing background, stopped in and told me my store was a mess — and was unprofitable.

He proceeded to spend the next six hours cleaning, straightening and organizing. My showroom looked new again, and I was excited about the transformation. In fact, sales immediately picked up, and many of my customers commented on how neat and orderly my showroom was. I wish I would've kept up with it. It's a perfect example of how the small, common-sense things are what often change our bottom lines from black ink to red.

Computerization. I feel that a good computer program is one of the key ingredients to an efficient business. I don't care how good a hand-written system works for someone, it doesn't do 1% of what an effective software program can do — if the software program is properly utilized.

Of the 10 dealerships I visited in the last two months, only one was utilizing a software program. Guess what? That dealership had the best service, and I also noticed that they had more customers in their store than any of the other nine.

The funny thing is that the nine not utilizing a software program all had computers. Either they were not tapping into the computer's full potential or they simply were just using their CD-ROM drive for a coffee cup holder.

If you do not embrace technology, then you will eventually suffer the same fate I have: extinction. Unfortunately, I didn't embrace technology until it was too late.

I knew when I purchased the business that computerization would play a major role in our success. In fact, I immediately bought the latest and greatest hardware system, and then began searching for a business system.

Frankly, I was overwhelmed with the choices on the market. After a year of research, software hunting was put on the back burner; never to resurface again until it was too late. In my last year, I finally decided on a business system (SofTek). Those three months were the best and least stressful of all. Unfortunately, I implemented the system too late to make a difference and save my dealership.

Today, I have developed a system that works well for me with my new mobile repair business. I have started using the Microsoft Schedule software on my

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computer. I simply sit down the night before and make a schedule for the upcoming day. This schedule then serves as a daily checklist, and it allows me to accomplish the various tasks of the day — punctually.

This system is one that I refine daily, but has been a real asset to me. I have noticed that this method of time management has allowed me to accomplish my daily tasks, set future appointments, and to be on time for my customers.

On my daily appointment sheet, I also keep the customer's phone number so I can contact him if I run late or need to reschedule. Particularly in the outdoor power equipment business, when one is observant of their time and respectful of others time, the result will often be a high percentage of satisfied customers and higher profitability.

Lack of self-discipline

If a person can master every phase of business but still doesn't have self-discipline, then that person's business will fail. I categorize self-discipline into three major areas: (1) organization, (2) prioritization and (3) time management.

Organization. It is a common misconception that one does not have time to organize. Some believe that time is money, and that spending time to get organized is unproductive. But I say that proper organization saves time and money.

One day as I was repairing a lawn mower, I searched for a half-inch wrench. I looked in my tool box, on my work table, on the floor; I looked everywhere. Nearly an hour went by before I found it in my truck. I was furious with myself, so I immediately stopped everything to organize and clean for the next four hours.

That was a revealing day for me. I found that after organizing, my work flowed better and went much faster. In fact, I was even more eager to work. Proper organization is crucial to good business practices. And when properly applied, it makes for an efficient business. Without organization, valuable time is lost, unnecessary money is spent, and unneeded stress is allowed to rule your workday.

In my new career, I have learned to organize my work environment. From tools to papers to time, proper organization helps my day run much smoother. It has made me more profitable and desirable in my new mobile repair business; as people like to do business with organized individuals, even if they themselves are unorganized.

Prioritization. Along with good organization, being able to prioritize what and how you organize is very important. I have noticed that when I prioritize my day, I tend to accomplish more. I have also found that when I do not set priorities, I lag behind all day in my work. I inevitably work harder, later, and stay more frustrated.

Dealers must be proficient in technical skills, parts and inventory management, all aspects of business management, marketing and advertising, mind reading, and communication skills; just to name a few. Simply put, dealers are required to wear many different hats, and some don't fit too well. Prioritization comes into play when figuring out which hat to wear and when to wear it. In general, when priorities are out of order, harmony, efficiency, and ultimately profits, disappear.

Time management. This brings me to my third and final aspect of self-discipline: time management. It was my weakest attribute as a business owner. A quote from a popular book states, "I am personally persuaded that the essence of the best thinking in the area of time management can be captured in a single phrase: 'Organize and execute around priorities.'"

I personally did not have a problem with organizing or setting priorities, my problem was the execution of the two. I need only look back at the issue of embracing technology to find an instance where I made a mistake in this regard.

These principles and ideas I've discussed are not new, nor are they brain surgery. But I know from experience (mainly bad experience of not doing them) that they work. I hope that the readers of your *Yard & Garden* magazine can benefit from them as well. **YG**

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EDITOR'S NOTE:
Jay Gaskins is now the store manager for Turf Care Equipment - South in Charlotte, North Carolina.

Choosing a BMS

Your business management system can be the greatest employee you'll ever have. So choose one wisely — and carefully.

By Gregg Wartgow

Many dealers are reluctant to invest in a business system. Are they afraid of the expense? Is it a matter of intimidation; unsure if they're "computer savvy" enough to put the system to good use? Are they unsure of what they need to do in order to put a complete system together? Are some dealers simply reluctant to change the way they've operated their dealerships over the years?

It's probably a combination of all these factors. Whatever the obstacle is, dealers need not fear. The computer is your friend, and can be one of the best employees you ever have.

Tom DeYoung, owner of Tom DeYoung's Engine and Mower in Wyoming, Michigan, says, "We wouldn't have survived our second 10 years in business without our business management system helping us along the way."

Don't fear the investment

A complete business management system requires a significant financial investment. That investment, however, is well worth it. A business system is a tool that will help you do things faster and more efficiently, resulting in reduced expenses and increased profits. In many cases, dealers find that a business management system pays for itself in less than a year.

For example, DeYoung purchased the Ideal Profit System (from Ideal Computer Systems) back around 1990. He said that in order for him to purchase the system, the investment couldn't exceed one employee's wages for one year. It didn't, so he made the investment.

He says it was one of the wisest investments he ever made. Within a year of installing the system, DeYoung says the labor savings in paperwork, along with the ability to control profit margins on parts and equipment, more than paid for the system.

A business management system can be your most productive employee. Jim Archut, corporate sales manager for c-Systems Software, relates, "There's nothing a computerized business management system does that a manager can't do by hand. But it will take that man-

ager a lot longer without the technology, thus costing more in the long run. Similarly, you can sharpen chain with a hand file. Or, you can use a motorized sharpener, enabling you to sharpen a lot more chain and make a lot more money. What's a better use of your time?"

When you break it down that way, a business system is not only a highly productive employee, but also a fairly inexpensive employee. Rod Schutzman, owner of Midway Outdoor Equipment in Hiawatha, Iowa, says, "I couldn't even tell you how many employees it would take to do what my business system does. And I don't have to pay my business system any overtime, workman's comp or sick days. When you look at all the things it does for your business, it's well worth the investment."

"We wouldn't have survived our second 10 years in business without our business management system helping us along the way."

— Tom DeYoung, dealer

Don't fear the technology

There's no need to be afraid of a computer. Greg Carradus, national sales manager for Ideal Computer Systems, says, "You don't have to be a computer guru. You just need to know how to run the system. Similarly, I don't know how an internal combustion engine works — but I know how to drive a car."

Learning to run the system, in many cases, is not very hard at all. Ed Thorman, owner of Ed's Lawn Equipment in Addison, Texas, says his staff was using their system right away. "The system just prompts you along. We have new employees all the time. We show them how to use the system a couple times, and then they have the hang of it. The cursor tells you what to do.

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You'd have to be a complete idiot not to be able to figure out how to use it. If they couldn't figure it out, I don't know that I'd want them working at my dealership at all."

Virtually all of Thorman's employees use the system, even the mechanics. They enter data in for work orders: part numbers and labor hours. He says a couple of his mechanics were somewhat old-fashioned and didn't warm up to the idea of using a computer right away. But after they got used to it and saw how much easier things were, they'd never go back to doing things manually.

"Make sure you understand what you're buying. For example, several systems may each have an inventory management function. But each may perform that function in a different way."

— Jim Archut, c-Systems Software

Buy a complete, proven package from a proven provider

One mistake some dealers make is trying to piece together software from different vendors. It's important to buy one complete package from one company. Life will be much easier down the road when you're dealing with a single company providing support.

It's also important to consider the reputation that company has. How long have they been in business? Do they offer solid support and ongoing training? Do they offer a proven product that's tailored specifically to the outdoor power equipment industry?

Schutzman remembers when he was shopping for a system in 1990. He says, "We wanted to make sure the company we chose would be there in the long run to support us. We didn't want to be held captive to one guy who wrote a program, who could very well not be around in a few years. We were looking for a long-term relationship."

Carradus says a proven system will have all the

essential functions that an outdoor power equipment dealer needs, including:

- inventory management
- sales/invoicing
- work orders
- purchasing
- accounting

A generic software product from a generic company rarely fulfills a dealer's needs

Thorman, now a c-Systems user, will testify to that. Before he purchased the c-Systems product in 1987, Thorman looked outside the outdoor power equipment industry for his software needs. He says that was a big mistake — because that initial system "just plain didn't work."

Thorman recalls, "If a customer wanted to buy a mower and an extra spark plug, we had to create two invoices. Because parts was in one location and the sales counter was in another, we had to keep them separate. We couldn't put parts sales and equipment sales on the same invoice. To make matters worse, the system didn't even have a function for shop management. The system didn't do anything we needed it to do to make our dealership run more efficiently."

Make a list

Carradus says it's a good idea to make a list of what you want your business system to do. Then, ask the salesperson if the product they offer can perform those tasks. Companies such as Ideal and c-Systems will then tailor a software package specifically toward an individual dealership's needs, considering factors such as sales volume, personnel and potential growth.

See "Software vendor score card" on page 10 for a chart that can help you decide what software to buy.

Look beyond the surface, and get a demo

Archut says that when shopping for a system, it's important to look beyond the surface when reading literature from different companies. He explains, "Make sure you understand what you're buying. For example, several systems may each have an inventory management function. But each may perform that function in

a different way. So ask a lot of questions. And demo the system.”

c-Systems sends a sales rep to a prospective customer’s dealership to provide an on-site demonstration of their system. Archut says there are three main benefits to this:

- The dealer gets to meet someone from c-Systems
- The dealer gets a detailed demonstration of the system
- The c-Systems rep gets a good look at the dealer’s facility, enabling the rep to put together a package tailored specifically to that dealer’s needs.

Ideal Computer Systems provides on-site demonstrations and training, as well. Ideal also gives every potential customer a free demo disc, which encourages dealers to “play” with the system on their own time.

Dealer referrals

Talk to other dealers who already have business management systems. Ask them about their experiences of choosing, implementing and operating their systems. Who better to ask for advice than other dealers who

“Support should focus on an ongoing training between a company and its dealers. A dealer should be able to learn as much of the system as he can in order to improve his bottom line.”

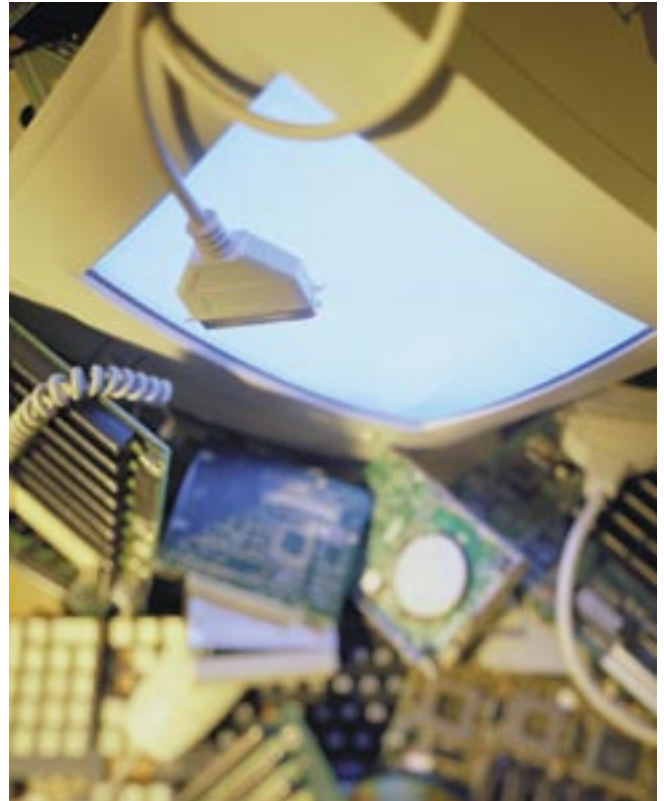
— Greg Carradus, Ideal Computer Systems

have already gone through this process?

Both c-Systems and Ideal Computer Systems provide their potential customers with a list of regional/local dealers who are already using business management systems.


Getting off to a good start

Carradus and Archut agree that a critical factor in successfully getting your system off to a good start is on-



site training.

Where do you look for help after your system is up and running? Companies such as Ideal and c-Systems — who offer complete business systems designed specifically for outdoor power equipment dealers — offer great support. Carradus is quick to point out that support goes beyond those times when something goes wrong.

Carradus says, “Support is essential because any machine needs to be tuned up and taken care of. Computers are no different. Furthermore, support should focus on an ongoing training between a company and its dealers. A dealer should be able to learn as much of the system as he can in order to improve his bottom line.” 

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Software vendor score card

The following chart helps you decide what software to buy, mainly based on facts about the company and interviews with the references that the company gives you. This is designed to help pre-

vent you from purchasing from a company that might later send you a "Dear John" letter.

Add up each point that applies and place the total in the right column. In other words, if a company

has 3,000 customers, you would add the first point for having 0-500 customers and 5 points for having up to 1,000 and 10 points for having more than 1,000 for a total of 16 points on the first line.

	1 point	5 points	10 points	Total
Stability				
Users	Less than 500	500 to 1,000	1,000 or more	
Years in business	1-2 years	2-5 years	5 or more years	
Marketing	Small ads Only Internet	Full page ads Some direct mail	Everywhere Color direct mail	
Involved in industry	Minor involvement	Trade shows and associations	Member of trade organization, speakers	
Ease of access	E-mail access	Phone support	User groups, forums, conferences	
Education	No education	Some disk-based education	Regional classes available	
Core values	Seems to understand you	Business purpose statement similar to yours	Users like yourself speak well of the vendor	
References				
How many can they give you?	1-5	5-10	10 or more	
How specific can you get in requesting them?	By zip code	By type of business	Anyway you want it	
Depth				
Do the references talk about being stymied?	Yes	Software does most of what they want	Software does everything and they have not exhausted it yet	
Do the references mention helping the vendor with their development?	No	Sometimes they listen	They listen and try to help as quick as possible	
Do the references mention learning something about their business from the software?	No	Some ideas	The software has changed their businesses for the better	
Features				
Does the software seem to have the necessary features?	Some	Most	All	
What do the references say about the features?	Lacks some features	Has most	Has just about everything they need	

Total _____

90 to 112 points = Excellent, look at this vendor very closely, probably the one.

75 to 89 points = Could be very good, check them out and talk to their references.

50 to 74 points = Be careful, they might be up-and-coming or down-and-going — watch out.

Less than 50 = Don't even think about it.

Written by Dave Tucker, president of CLIP Software, Sensible Software Inc.

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Putting your BMS to work

How to make this process as smooth as possible so you can realize the benefits of a system as soon as possible

By Gregg Wartgow

It takes some time to learn all the ins and outs of a complete business management system. There are many functions it performs. In time, you'll want to take advantage of as many as you can. But it's unrealistic to think you have to learn it all right away.

Rod Schutzman, owner of Midway Outdoor Equipment in Hiawatha, Iowa, advises, "One mistake is you can try to do too much at once. You have to take your time. Get a handle and feel comfortable with each function before moving onto the next." Schutzman says it took him and his staff about six months before they were really feeling comfortable with the system and using most of the functions.

***"You have to take your time.
Get a handle and feel
comfortable with each function
before moving onto the next."***

— Rod Schutzman, dealer

Get a good head start

Jim Archut, corporate sales manager for c-Systems Software, says there is definitely a learning curve when it comes to putting a business system to use. The extent of that learning curve depends on several factors.

Archut says, "Be organized. Whoever sells you the system will send you directions on what to prepare — so the installer can really hit the ground running when he visits your dealership to set up your system."

To get a good head start, it's also important to get your inventory counts loaded as quickly as possible. Without accurate inventory counts, a business management system is virtually worthless.

Greg Carradus, national sales manager for Ideal Computer Systems, says, "Take the time to learn about the system, and properly gather and enter all the necessary information into the system — especially an accurate inventory count. This enables you to start using the

system with a solid foundation of information."

Archut adds, "You want to get your inventory entered as quickly as possible so it's accurate. I've watched dealers take up to three months to enter their inventory. By the time they have it all entered, the first items they entered three months ago aren't even accurate anymore."

The foundation

When inventory counts are entered into your system, you can now start taking advantage of the system's primary functions: point-of-sale and shop management.

"These functions are the foundation, so we make sure our dealers get them up and running as soon as possible," Archut says. "When you perform these functions, you start accumulating data that will allow the other functions of the system to work. You're also building up a database of information on all of your customers."

For example, when a sale is made, whether it's a part or piece of equipment, inventory is reduced. Similarly, when a part is placed on a work order, inventory is reduced.

So, when the point-of-sale and shop management functions are in motion, the inventory management function can also be put to use. And when the inventory management function is working, you can start having purchase orders done for you.

Inventory management

Schutzman says one of the first things he wanted to do with his business management system was control parts inventories, along with parts ordering. He says, "The name of the game is being able to make the turns, and not stock items that aren't profitable for you. Having the business system keep track of parts histories gave me the timely, accurate information I needed to make better decisions and increase my profitability."

The ability to manage his parts inventory electronically had an immediate impact on Tom DeYoung's bottom line. DeYoung, owner of Tom DeYoung's Engine and Mower in Wyoming, Michigan, says that after he'd had his Ideal Profit System up and running for about a year, he printed out a report that showed all the parts

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that had absolutely no movement. Then, he could decide if he wanted to return those parts. Conversely, DeYoung could print a report that showed the parts with heavy movement; parts he maybe wanted to stock more of.

"After five years of tracking parts this way, we had a solid history that allowed us to see a trend in parts," DeYoung says. "For example, we used to sell a number of Briggs diaphragms. Well, Briggs eventually went away from the diaphragm carburetor. Looking at the five-year history, I could see how movement on that part was really dropping. Now, instead of ordering 100 at a time, I can order maybe 20 at a time."

Working hand-in-hand with inventory management is the purchase order function, another feature dealers can really take advantage of. For each part, you can set

a minimum and maximum level you want in inventory. Once inventory for a given part reaches its minimum level, that part number is placed on a purchase order. The quantity the purchase order asks for is the amount that will bring the part back up to its maximum level again. It's up to the dealer to print out the purchase orders on a regular basis to keep on top of ordering.

Use reports to manage your business

Along with parts histories and purchase orders, there are several other reports that can help you make better business decisions. Ed Thorman, owner of Ed's Lawn Equipment in Addison, Texas, relies on them, printing out many every night.

Thorman says, "Sales reports are automatic every night. We also get a backorder list by part number, as

Impact of a BMS

The implementation of a business management system has had a dramatic effect on the lives of many dealers. Greg Carradus, national sales manager for Ideal Computer Systems, says, "For many small business owners, the kitchen table is where they sit at night to do books. With a business system, the kitchen table can be where you sit at night to have dinner with your family."

A couple dealers share their experiences about how a business management system has changed the way they do things.

Employees follow one system

When Rod Schutzman decided it was time to grow his business back in 1990, he knew he needed to make his dealership run more efficiently. The answer was a business management system.

He says, "Before we had our business system, there was a lot of confusion and inefficiency in our operation. Every employee had his own way of doing things. It was hard for one employee to check on what another employee had done. For example, if someone called in sick, you had a lot of 'I wonder what they did with that order' scenarios. With the computer, everyone has to follow the same system. And the information is easily retrievable because you can access it from any one of our

computer terminals."

End of year books

Tom DeYoung says that before his dealership was computerized, inventory was done on 3x5 cards. The cards had to be manually updated daily from incoming invoices, along with outgoing counter sales and work orders. At the end of the year, it took two people four days to tally up the cards for fiscal inventory. Then, it took another one to two weeks to calculate some parts orders for spring. Add in the time it took to gather other info for end of year books, and DeYoung was looking at about three weeks of paperwork.

With the help of the business management system, DeYoung was able to reduce those three weeks to one day in the first year of having the system.

DeYoung says, "If I were to sit down and go right to it, I could do this procedure for all my manufacturers (upwards of 30 or 40) in a 12-hour day. In the past, it would've taken months. The inventory management function of the business system has really allowed us to clean up our inventory. Now, our inventory turns every year."



well as by vendor. We get a list of shop jobs in progress and shop jobs awaiting parts. My mechanics are on a commission plan. So we get a commission report we can give each of them so they know where they stand. There are many other reports, but these are the main ones we rely on daily.”

The various reports a system provides helped Schutzman grow his business. He says, “I needed information on a more timely basis. If you don’t have timely information on inventory, sales, labor, etc., it’s impossible to manage a business. Now, with the help of my business management system, I know every day if I’ve made a profit or not. I know what our sales and labor were. I’m able to set accurate and realistic sales goals, budgets, and all the tools that help you effectively manage a business and be more profitable.”



“Having the business system keep track of parts histories gave me the timely, accurate information I needed to make better decisions and increase my profitability.”

— Rod Schutzman, dealer

Accounting functions

Accounting functions are also a big part of a business management system. Accounts receivable is built off

of point-of-sale — so it starts working as soon as point-of-sale is put into action. Archut says things like balance sheets, general ledgers and income statements are typically put to use by dealers after most of the other functions have been implemented. **YG**

Originally printed in Yard & Garden January 2001 issue.

Analyzing your financials

Keeping tabs on what's making and losing you money helps you make the right business decisions.

By Gregg Wartgow

To many small business owners, managing financial information is often the least-popular part of owning your own business. On that note, it can sometimes be the most complicated and intimidating task, as well.

The “Dealer Success Series” offered by OPEESA is a great resource when it comes to financial management. The DSS is a four-part video series, with accompanying workbooks, aimed at helping dealers improve the operations of their dealership. Parts 1 and 2 deal with the topic of financial management.

The nice thing about the DSS package is that it breaks the information down into bite-size chunks. So you don't get overwhelmed with too much information all at once — which is easy to do with a topic as complex as financial management. Also, the training is dealer-specific, with the information coming right from the mouths of dealers who've mastered financial management.

Many topics are explored in the two videos, “In Pursuit of Financial Freedom.” In this article, a couple of them are explored.

Analyzing the contribution each of your product lines makes to overall sales, and overall profit, is important.

Examining your products

Analyzing your finances is an important part of running a business. If your business is suffering, what's the cause? Is it a lack of sales? Are your expenses getting out of control?

Several factors can contribute to a lack of sales: weather, competition, economic conditions, to name a few. Something that's often overlooked, but seriously needs to be examined, is the performance of your indi-



vidual product lines.

Analyzing the contribution each of your product lines makes to overall sales, and overall profit, is important. You need to know if you're stocking too much of a certain brand, or too little. Taking it a step further, should you be carrying that brand at all?

Sales performance for each brand

To accurately answer these questions, you need to perform two calculations. The first is “percent of total sales for each brand.” To determine this, list the sales for each of your brands. Then, divide each of those numbers by the total sales for your company. Here's an example:

Total sales = \$600,000

Brand A — $\$175,000 \div \$600,000 = 29.2\%$ of total sales

Brand B — $\$400,000 \div \$600,000 = 66.7\%$ of total sales

Brand C — $\$25,000 \div \$600,000 = 4.2\%$ of total sales

What do these numbers tell you?

For one, Brand C doesn't contribute much to overall sales. As a result, it could actually be costing you money

to stock, rather than making you money by selling it. So you'll want to evaluate how much of that brand you're stocking. Get in touch with your sales rep for Brand C to discuss market potential in your area. Maybe there's a way you can turn things around.

Another thing you've learned is that Brand B makes up well over half of your total sales. Are you stocking enough of Brand B? Maybe you could be selling more if you stocked more.

Profit performance for each brand

The second calculation you'll want to determine is "gross profit percentage for each brand." This will tell you how much each of your brand is contributing to gross profit dollars.

First, you need to know the gross profit for each brand. To figure this out, subtract the cost of goods for each brand from that brand's total sales. Here's an example of how to determine gross profit by brand:

Brand A — \$175,000 - \$112,000 (cost of goods) =
\$63,000 (gross profit)

Brand B — \$400,000 - \$288,000 (cost of goods) =
\$112,000 (gross profit)

Brand C — \$25,000 - \$17,000 (cost of goods) =
\$8,000 (gross profit)

Then, calculate the percentages for each brand; similar to how you calculated the percent of total sales for each brand. You'll take gross profit, and divide it by total sales of that brand. Here's an example:

Brand A — $\$63,000 \div \$175,000 = 36\%$ gross profit
percentage for Brand A

Brand B — $\$112,000 \div \$400,000 = 28\%$ gross profit
percentage for Brand B

Brand C — $\$8,000 \div \$25,000 = 32\%$ gross profit
percentage for Brand C

Putting the two together

You have the data in front of you, now. The next step is to sit down and analyze it. A natural tendency would be to stock up on the items that are yielding the highest profit percentage. But you need to look at these gross profit percentages in relationship to the percent of total sales each brand also yields.

For example, a brand may yield a very high gross

profit percentage. However, if that same brand represents a very small percent of your overall sales, it doesn't make sense to stock up on it. Even though a certain brand or product has a high profit margin, it does no good to have more in inventory than you're going to sell. You'll want to evaluate how much of that product you're purchasing.

On the other hand, you may have a brand that represents a large percent of your total sales, but has a low gross profit percentage. You may also want to rethink how much of that product you purchase. You can sell that product night and day. But if you're not making a significant profit on it, sales aren't helping to increase the

Even though a certain brand or product has a high profit margin, it does no good to have more in inventory than you're going to sell.

overall profit of your business.

Evaluating product categories

You can take this analysis one step further. But, instead of evaluating sales and profit percentages by brand, break it down by equipment task. For example, instead of breaking it down by Brand A, Brand B and Brand C, break it down by walk-behind mowers, riding mowers, lawn tractors, etc. Also, analyze the parts you sell.

Controlling operating expenses

Lack of sales isn't the only reason a business can be suffering. Excessive operating expenses could also be the culprit. Excessive operating expenses can be caused by several factors, including too much debt, or too many employees to support the amount of sales within your company.

Analyzing your workforce

When determining how many full-time employees

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you need, you first need to calculate how many full-time employees you have. This is a bit trickier than it seems. First, list the number of full-time employees you have.

Second, list the number of part-time hours worked for the year — for all your part-time employees. Take that number, divide it by 52 (number of weeks in a year) and divide that by 40 (number of hours a full-time employee would work in a week). Add that number to the number of full-time employees you have, and that's your most accurate number of "full-time" employees.

Here's an example:

Total number of full-time employees = 6

Total of part-time hours for a year = 6,240

Calculation — $6,240 \div 52$ (weeks in a year) \div

Excessive operating expenses can be caused by several factors, including too much debt, or too many employees to support the amount of sales within your company.

40 (hours in a week) = 3

Total number of "full-time" employees = 6 + 3, or 9

Along with determining how many full-time employees you should have, you can also determine how productive they are.

Findings show that typically, sales per employee should be around \$150,000 to keep a dealership productive and profitable. To calculate this figure, simply take your company's net sales, and divide it by the number of "full-time" employees you have. If the number you come up with is considerably less than \$150,000, you might have too many people on staff.

After you've determined if you're bringing in enough sales to support your workforce, you can focus on how much of your profit is going toward payroll. To maximize the profitability of your business, your payroll

should be about 40% of gross profit. If it's higher than 40%, you may have more employees than necessary.

Here's an example:

Wage cost for all employees = \$200,000

Gross profit = \$600,000

Payroll percentage calculation:

$\$200,000 \div \$600,000 = 33\%$

Managing debt

Managing employee productivity and payroll costs are good ways to avoid excessive operating costs. Another way to avoid them is to make sure you don't take on too much debt.

Getting overwhelmed with debt is an easy trap to fall into. It starts by borrowing money to get through a tough time. But it can quickly snowball. Often, by the time you track down the problem, you've borrowed more money than you can pay back.

The best way to avoid this is to constantly evaluate your business and its finances so you know where you stand at all times. By performing the financial evaluations taught in the "Dealer Success Series" from OPEESA, you can keep track of your product sales, employee performance and debt load, giving you a better idea of where you can make improvements in your business. **YG**

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Proper use of credit and floorplanning

Buying based on market potential, accurate accounting systems and timely order processing are the first steps toward controlling interest expense.

By Gregg Wartgow

When it comes to retail, there are two sides to the profit equation. On one side, you have to sell goods. On the other side, you have to control expenses.

Joy Esser, manager of dealer development for John Deere - Raleigh Branch of the C&CE Division, says, "You have to keep expenses under control. Interest is not a small expense. Dealers just cannot afford to pay interest on inventory that is not selling."

Know your market potential, need

Esser says the first step to controlling your equipment interest expenses is to go down to the grassroots. Look at your market potential for a given product. Then, stock to that potential.

He says, "You need to know what your customers' buying habits are, and what their buying cycles are. Does a given customer purchase every year, every two years? I call it 'Plan your market, then market your plan.'"

Kevin Finch, vice president, director of marketing for Conseco Finance, says dealers may focus too much on purchasing a certain volume level, to qualify for dis-

counts and incentive trips. The focus, however, should be on how many units they can sell.

"They're so caught up in hitting the volume number, the next thing you know, they're stuck with a bunch of obsolete inventory that's not going to move for another year. It's a trap. They have to be able to sell it before they buy it. Hence, they need to be aware of what products move and which don't. It all comes down to this: Don't buy products you don't need."

It's also important to be on top of market changes as the year goes along. Esser advises, "Don't wait until the grass dries up to put a sale out. Manage your inventory so you move it this season rather than calculate the

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With the exception of a new dealer, Ariens' Mike Thuecks says 12-month terms aren't always the best way to go. With 12-month terms, it's easier for a dealer to take his eye off the ball. Rather, a dealer should replenish his inventory on a more frequent basis; maybe weekly, according to John Deere's Joy Esser.



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cost to carry it over to next year. In some cases, including John Deere's, you can carry equipment over interest-free. That makes some dealers complacent.

"Sure, the dealer has interest-free flooring until the next year. But when next year rolls around, the equipment is still sitting there. And in the meantime, new models have been introduced that the dealer wants to stock, but can't because of flooring limits. Inventory needs to be managed by total dollar value, as well as unit numbers."

"They're (dealers) so caught up in hitting the volume number, the next thing you know, they're stuck with a bunch of obsolete inventory that's not going to move for another year."

— Kevin Finch, Conesco Finance

Keep good books

To truly examine what your market potential is, you need historical data that shows you what your business has done in the past. Furthermore, to properly manage your credit line and inventory levels, you need accurate financial data.

Finch says, "Do you know what you did last year, what products moved? How much debt can you cover? That's critical with knowing your inventory; knowing the aging, and knowing when all of a sudden you now start paying interest and don't have the cash flow to cover it. If you don't know or can't project when that \$1,500 interest bill is going to hit you, for example, it can be pretty detrimental to your cash flow.

"That's tied to the buying season, which isn't a problem if you buy right. It's kind of feast or famine. In-season you're flushed with cash. But when fall comes, you're dry to the bone. You need to budget accordingly. In order to do that, you need sound bookkeeping systems in place."

Tips for controlling interest expense

- ✓ Review past sales histories to track product performance.
- ✓ Know your market potential.
- ✓ Purchase product based on that potential, and the historical performance of the product.
- ✓ Don't order product all in one shot for the whole year. Replenish inventory as frequently as possible.
- ✓ Monitor your market throughout the year, watching for market changes.
- ✓ Adjust inventory levels based on those changes.
- ✓ Project when the interest bill is going to hit you.
- ✓ Process sales invoices quickly to ensure that you pay off your floorplan as soon as possible.
- ✓ Don't hold a piece of equipment too long in hopes of making a certain margin. You may need to "cut a deal" to move the unit before interest starts to accrue.
- ✓ $(\text{Pre-tax income} + \text{interest expense}) \div \text{interest expense}$ should equal 3 or higher. This is a formula Joy Esser of John Deere gives at the seminars he presents on inventory control.

Bill Englett, vice president of sales - OPE for Textron Financial Corp., says it's important for dealers to reconcile their books often to ensure that payment for sold products is processed timely.

"While this paperwork becomes tedious at the height of the selling season," Englett says, "its benefits outweigh the added sum of interest that is incurred because the product is not paid off with the lender."

Mike Horak of Transamerica Distribution Finance advises dealers to get in the habit of paying for sold goods at least once a week. This helps avoid potential interest charges, frees up credit lines and creates a favorable pay performance with the lender.

Managing terms and inventory levels

Timely, accurate inventory reports can help you project when an interest bill might be headed your way. And knowing that is the first step to becoming a better man-

ager of your interest expense. Experts share some other tips that will help you improve in the credit department — particularly, managing your terms and inventory levels.

Mike Thuecks, vice president of sales and marketing for Ariens Co., says that for starters, dealers need to understand that 12-month terms are not always the best way to go.

Thuecks says, “I believe that a 12-month term, with the exception of a new dealer, is too long. Some dealers tend to take their eye off the ball over that long a period.”

Esser agrees, saying that if dealers can replenish their inventory on a more frequent basis (weekly if possible), it’s much more manageable. First of all, you’re able to make adjustments as the year goes on and the

“It’s better for the dealer to order more frequently, and adjust his inventory levels based on what his market is doing.”

— Joy Esser, John Deere

market changes.

Esser explains, “The problem with ordering a year’s worth of inventory in one shot is that the dealer then has stacks five high of rear-engine riders, for example, based on last year’s sales. Last year may have been a great year with a lot of rain. But this year is drought. It’s better for the dealer to order more frequently, and adjust his inventory levels based on what his market is doing.”


Secondly, the dealer is able to turn his inventory more times. Esser says, “Say, based on last year’s sales, you think you can move 50 Brand Y tractors. Say you want to turn your inventory three times this year. That would mean you should order 15 to 17 Brand Y tractors at a time during the selling season, because that’s how many you want in stock at a given time. As you turn that inventory, and it looks like the market is doing what you’d forecasted, you order another 15 to 17 of those models that are selling. If you are approaching the end of the season, use judgment on what, when and how much you re-order.”

On the topic of inventory levels, Finch says it’s important for dealers to be aware of when they start paying interest on a unit. “If they’re paying interest month after month and the unit doesn’t sell, it may be time to put the unit on sale; just to move it before the profit margin has been eaten up by interest cost.”

Esser agrees, adding, “You need to watch your inventory all the time. And you need drop-dead dates in your business plan, specifying when you’ll come up with an incentive plan to move a piece of equipment because it’s starting to accrue interest.”

Englett points out that an incentive plan can be more than just discounting the price of the unit. Value-added services such as free oil changes or blade sharpenings can also help move the unit. Also, you might consider networking with other dealers.

Aside from having the ability to adjust your inventory levels as the market changes, not to mention turning your inventory more times in a year, Thuecks cites another reason a 12-month term might not be the best way to go.

“Often, those extended terms require higher dollars of inventory to be carried from that single manufacturer. But that ties up the dealer’s credit lines. For example, if the dealer is in-season and runs out of a certain product, he may not be able to replenish that product because he has so much tied up in other product that’s still sitting there and hasn’t been selling as well.” 

Originally printed in Yard & Garden April/May 2001 issue.

Do I need to have my business on the Web?

Some advice to help determine if you should have a website

By Noël Brown and Gregg Wartgow

That “dot.com” address. It’s becoming as prevalent as a telephone number or street address when businesses tell customers how to find them. When trying to locate a business, many consumers will turn to their computers before the telephone or the Yellow Pages. “Let’s see if they have a website,” is becoming a common first effort for customers.

Marketing your business and generating customer traffic is both a priority and a challenge. You ask yourself, “Do I need a website? Am I missing out on business by not having a presence on the Web?” That’s a valid question, and should be considered carefully.

Contrary to popular opinion, the answer is not a definite “yes” for every business. Peter Kent, author of “Poor Richard’s Web Site: Geek-free, Commonsense Advice on Building a Low-Cost Web Site,” says there are many businesses that really won’t benefit from a website.

In his book, Kent uses the example of a shopping center shoe store in a medium-sized town. The goal is, obviously, to bring more people into the store and sell more shoes. “Could you benefit from a website?” asks Kent. “Yes, you could. Would it be cost-effective? Almost certainly not.”

Think it through

Kent says that there are still relatively few people using the Web to find local businesses. He says that for some local businesses, a website might bring in a sale or two, but the profit probably won’t pay for the site. It is important to consider all the factors.

Be careful to distinguish what kind of site you want to have. For instance, do you want to appeal to catalog shoppers? Because, while those customers translate more easily to shopping on-line, they don’t necessarily become in-store customers. Do you want to sell products and equipment on-line? If you do, according to Kent, then determine if your offerings have the right characteristics to sell easily over the Internet. Kent gives a few characteristics of products that sell well on the Web:

- Your product is very hard to find.
- You can sell your product dirt cheap.

- You have a huge selection.
- You’ve grouped a class of products together.
- You can make it very convenient to buy from you.

Kent says to ask yourself this: Could I sell this product through a mail-order catalog? If the answer is no, then ask yourself this: Why do I think I can sell this on the Web?

Some dealers have found it wise to at least have an informational site that provides important product and use information, and links to the sites of their suppliers.

There are many questions yet to be answered regarding the sale of power equipment on the Internet. However, as more customers become Internet savvy and use the computer as a tool to do research before making a major purchase such as a mower or tractor, some dealers have found it wise to at least have an informational site that provides important product and use information, and links to the sites of their suppliers. Only you can decide what is right for your business and your community.

In his book, Kent offers some advice on how to evaluate your need for a website.

What do you want to do with it?

This is a very simple question ... and very difficult to answer. According to Kent, until you can come up with a very specific answer to this question, setting up a website will just be a big waste of time and money. He cautions readers that a generic answer like “to make money” for an e-commerce site or “to draw customers into the store” for an informational site is not good enough.

Ask yourself some follow-up questions, such as how do you want to make money? What are you selling?

How will you attract customers? How will you take and ship orders? Or, how will the site attract customers to the store? How will you attract customers to the site?

Brainstorm about what you want to accomplish with the site. Make a list and prioritize the items. Kent provides a pretty comprehensive list to get the ideas started. Here are a few:

- To get rich. While people have gotten rich from web businesses, Kent warns that the Internet is not

paved with gold, and very few people become wealthy with Internet sites. Be realistic about what you can achieve.

- To promote your products. If you do it right, the website can be a promotional tool. Kent says you can promote off-line product sales on-line in a number of ways, by providing information about your products and services, providing coupons, running contests and

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Tips on designing your own website

Ken Raney, advertising manager for Excel, says having a website has become a necessary evil. "You have to have your own website. It gives you an advantage over a dealer that doesn't. And it doesn't cost much anymore to maintain one."

For example, Raney says a person by the name of Rollie Burhans contacted him about a web package he's offering to the lawn and garden industry. A website with all the basic info — dealership name, address and phone number, lines carried, etc. — is free. Then, for what Raney says is very reasonable fees, you can add more features to your site, such as links to other sites, logos, maps, you name it.

Raney suggests visiting the websites www.mowdealer.com or www.turfsites.com for more information on a cost-effective web package that may be a good fit for you.

Make it easy to navigate

When designing your website, Troy Blewett, manager of corporate communications at Simplicity, says to "sit in the consumer's seat."

Ask yourself, "What would a consumer want to know about my dealership?" Make sure all that information is right there so the consumer's questions are answered. And make it easy for the consumer to navigate through your site to find that information.

Get consumers to your site

Jean Pelegrin, marketing communications manager for Ariens, says, "A lot of people think that once they build a website, consumers are automatically going to

start visiting it. That's not the case. You need to tell people about your site for them to ever think of visiting it."

Pelegrin says there are a few easy ways to get the word out about your website:

- See if other sites will provide a link to yours. For example, Dixon and other companies provide links to their dealers' websites.
- Purchase a banner ad on another site that gets a lot of traffic. Make sure the people visiting that other site are the same people you'd want visiting yours.
- Advertise your website on all your other communications: Yellow Page, radio and newspaper ads; business cards; invoices, etc.

Make 'em want to come back

So you have your website in place, and are advertising it all over the place. Now what?

"Creating a website is easy," Blewett points out. "The challenge is maintaining it — putting useful, up-to-date information on it that makes consumers want to visit your site over and over."

Mike Kadel, marketing manager of Dixon, says any information that is good and useful, even beyond product information, gives consumers a reason to visit your site. He says, "Lawn care tips, equipment maintenance tips, etc. is something a consumer of outdoor power equipment would want to read about."

Kadel reminds you to keep the information fresh. Change it on a monthly basis in order to keep consumers coming back.

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free giveaways, setting up discussion groups, and more.

- To distribute information. While it's too soon to eliminate mailings and catalogs and just send customers to the website, it is another tool to reach customers and prospects. Some possibilities of the information you might include on your site are: product photos and descriptions, contact information for people with specific questions, job openings, technical-support information and more.

- Meet new customers. Kent says to bring people to

How will you attract customers? How will you take and ship orders? Or, how will the site attract customers to the store? How will you attract customers to the site?

your website and then meet them. Get e-mail addresses and other demographic information. Create a database for prospect mailings and use it as another marketing tool.

- Get to know existing customers. Bring customers to your site and ask them what they like about your products and services. Kent says this is your opportunity to find out what they like and don't like, what kinds of other products or services they need, and more. Reward them for being your customers with discount coupons, promotional tie-ins, etc.

Do some research

Take a cruise on the World Wide Web and look at a variety of websites — not just ones in our industry. Kent says to take a good look at what other people are doing. Be sure to take your time and explore the different sites you visit. Make a list of sites and features that you like. Keep notes of the ideas you come up with during this task.


Be sure to also write down things you don't like on websites, to avoid doing them on your own, should you decide to create a site.

You've decided to take the plunge

When you've considered all the factors and decided a website would benefit your business, what's next?

Obviously, you want to create a website that is complete, executes your goals, but is also as cost-effective and as low-maintenance as possible. Just as your customers turn to your expertise on power equipment, it may be wise for you to turn to an expert to help you out with developing a website. There are many out there, offering all types of creative advice at all ranges in price.

When choosing a consultant, be sure to be clear with your objectives about the site, and be sure to find someone who will keep your site simple and to-the-point. Kent says you don't need every little toy on your site to make it compelling to your shoppers. Don't try to compete with giant corporate sites that offer all the bells and whistles. "You can create a useful website at a very low cost," says Kent.

Remember that, just because you put a site out there, doesn't necessarily mean people will automatically find it. You must sign on with major search engines, and link to all your supplier websites. Internet aside, you must promote your site on everything from business cards to billing invoices to billboards ... wherever your company name is listed. 

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Turn your open house into a special event

Planning is key to executing a successful — and profitable — open house.

By P.S. Colbert

Saws, trimmers, tillers, mowers and blowers, product expertise, professional courtesy and reliable service — you've got what customers want. But how do they know that?

Many dealers find the solution in holding special events at their dealerships. Throw a big "party" and show customers what a comprehensive offering you have for them.

Make a plan

But throwing the doors open isn't enough. Whether you call it a "Customer Appreciation Day" or just a good ol' fashioned "Open House," you are creating an event, and that requires planning. Before you begin, ask yourself these questions:

- Who is my target audience?
- What is my budget?
- What do I want to accomplish?
- Which events should I include?
- Will I need outside help?
- How do I get the message out?

Your target audience: make it a custom fit

Knowing your audience and addressing it properly is key to the success of any event. Is your customer base primarily commercial, consumer or a combination of both?

The answer to this question goes a long way toward determining what kind of event to plan. "We tend to have separate days because it gets too wild with both groups," says Don Guyton, manager of Buckeye Power Sales of Blacklick, Ohio.

Likewise, both Tom Sandusky of Rhino's Turf in Las Vegas, Nevada, and Kathy Mabe Kennedy of Mabe Power Equipment in Trussville, Alabama, break their exhibitions down into "commercial" and "homeowner" days in order to target the needs of each respective group.

"We have about equal attendance for each day," says Sandusky. "But you have to keep in mind that

landscape contractors need more advance warning than homeowners in order to get time to attend."

"Our customer base is about 40% commercial and growing," says Mabe Kennedy. "We start planning about three months ahead and give our commercial clients several reminders before the big day hits."

Knowing your audience and addressing it properly is key to the success of any event. Is your customer base primarily commercial, consumer or a combination of both?

Howard Equipment Co. in Duluth, Georgia, targets its annual showcase for a commercial clientele.

After years of holding his commercial event annually, Doug Howard has developed quite a reputation with his commercial customers. "People aren't coming in to kick tires and see what's new," says Howard. "The equipment they want is here, the prices are good and everybody comes to buy."

The event budget: spend wisely

How much will the event cost? Can you afford it? If you aren't able to answer both questions satisfactorily, you're not ready to set the date. Remember, though, that while it is important to allocate enough money to get the benefit of an open house, executing the special event doesn't have to be outrageously expensive.

Refreshments, extra employee hours, promotional materials and advertising dollars are all considerations for the cost-conscious budgeter. While throwing a lavish, crowd-pleasing bash can be its own reward, the object is to make money.

Keep in mind that, monetarily speaking, what goes around comes around in its own time. "You can't

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say that an open house pays off in one day," cautions Sandusky. "It may not pay for itself for 30 days or more and you've got to accept that going in." Most dealers do admit, though, that the investment in customer relationships pays off in the long run through future sales.

Let your budget grow in proportion to your event's success. Although Howard currently spends \$50,000 annually on "the big show everybody looks for in Atlanta," he spent only a tenth of that to host his first commercial day in 1992.

Goal posting: what do you want to accomplish?

You've targeted your audience and budgeted responsibly. Now you have to ask yourself the all-important question: What's it all for?

"We're still basically introducing ourselves to homeowners," says Guyton. "For them, we do an open house with a tent, balloons, hot dogs and special sale prices."

For commercial customers, however, Buckeye Power Sales focuses more on product performance. "We may have a training session. We'll put a Scag machine on a table and go over the whole machine for the audience."

"We try to have as many demos as we can," says Mabe Kennedy. "We encourage our customers to use it, ride it, whatever. Getting hands-on experience with new equipment is important for them and we want them to leave happy."

While demos tied for first place among planned activities ("Feed them!" was also unanimously recommended by dealers we talked to), don't underestimate the appeal of such time-tested favorites as seminars, timed cutting contests, trinket giveaways and prize drawings.

Keeping the customer entertained is essential, but pleasure shouldn't get in the way of business. "The biggest thing is to figure out a way to keep processing sales while running your event," says Howard. Service and details are important. "When one of my customers buys a piece of equipment, he needs it delivered on time. It's my job to make sure that happens, regardless of what's going on."

Recruiting the help you need

Will you need outside help? Absolutely. "It's really important to get support from your distributor sales reps," says Mabe Kennedy. "Our people simply can't be everywhere."

"Live demonstrations — that's what you have your reps here for," says Sandusky. "Meanwhile, you can be ringing up sales."

Along with the physical help, sales reps and suppliers can also contribute to the value of your event by providing informative literature and freebie trinkets. They can also be a big help in subsidizing bigger giveaway items. "Ariens helped split the cost of a 21-inch mower at our last homeowner day," says Mabe Kennedy.

And as the size and scope of your strategically planned events grow, you may find the specialized services provided by caterers, marketing consultants and party planners beneficial.

"We start planning about three months ahead and give our commercial clients several reminders before the big day hits."

— Kathy Mabe Kennedy, dealer

Getting the word out

For most dealers, publicity makes up a significant chunk of the event-planning budget, but some of the more clever planners have found free avenues for advertising.

Howard Equipment, for example, spends nothing on open house promotion. Again, his reputation with the commercial market proves valuable. "We rely on word of mouth, 100%," says Howard. "We visit all the tire-kicking shows in the area to see what's being shown and spread the word while we're there."

Mabe Power Equipment has effectively cut promotional costs by getting chummy with the local media. "A D.J. from WDJC, the local Christian radio station, calls

How to earn and keep customer loyalty

According to the book "Customer Loyalty: How to Earn It, How to Keep It," by Jill Griffin, here are 14 actions that encourage first-time customers to return:

1. Say thank you for the purchase. Passing up the chance to thank the customer for his or her purchase is a big opportunity lost on the road to building loyalty.
2. Seek customer feedback early and respond quickly. Repeat customers must perceive your product as having solved their problem. Ask if the customer is pleased. If they have a problem, correct it.
3. Use indoctrination mailings. A mailing sent that tells the new owner in painstaking detail how to use the product helps motivate your customer to use the product.
4. Constantly reinforce your value in the eyes of the customer. Good service is not enough. It counts only when your customers recognize it.
5. Develop a customer database and use it. The database can serve as an easy tracker of who your customers are and of what they are and — equally important — are not buying from you.
6. Continually communicate your full range of services. Customers and prospective customers rarely comprehend the full range of services offered by any company until those services are spelled out for them.
7. Paint a picture of future possession. Sell the beautiful lawn and the extra free time customers will have when purchasing this equipment.
8. Turn repeat purchasing into a service. Send regular service reminders and accessory offers to customers.

9. Treat customer service costs as a worthwhile investment. Spending to strengthen customer loyalty can be cheap when compared with the cost of losing a customer.

10. Nurture and protect communication with decision-makers. This is especially true for commercial customers. After the initial purchase, sales and service personnel often end up dealing with the day-to-day users, not the decision-makers. Don't let that happen with your customers.

11. Develop customer reward programs. Beginning with the first purchase, develop a program to anchor the relationship.

12. Develop "new customer welcome" promotions. Be sure to include a special new customer offer, a dealership brochure and a "recommend a friend" card. Some call this the "We want you back pack."

13. Offer product guarantees. When customers have difficulty getting a guarantee honored, the trust and goodwill felt toward the business can be greatly damaged.

14. Develop value-added promotions. In Dr. Ron Smothermon's book, "Winning through Enlightenment," he says, "If you simply remember that no one owes you anything, loyalty will be easy for you to notice and acknowledge. If you begin to think 'they' owe you loyalty, you are in trouble."

Originally printed in Show Daily 1998.

once a week to talk about what's going on at the store," says Mabe Kennedy.

Other ideas: Talk to your suppliers about combining mailing lists to reach a larger number of potential buyers. Alert local media with a press release. Alert drive-by traffic with banners and special exhibits.


Don't forget Murphy's Law

Mother Nature can be a harsh mistress, especially to the dealership that holds an outdoor exhibition. Case in point: Rhino's Turf. "We took over a city park for two days one year," Sandusky recalls. "We were going to do demos and completely mow the park when we were through. A live radio broadcast was lined up. We were all ready to go and then came a major downpour."

Fortunately, Turf team members quickly relocated

guests and equipment to the inside of their store where the show went on — with a modified program, however.

That's nothing compared to the tornado that blew through Mabe Power Equipment's 75th anniversary celebration. "Everything was going great," says Mabe Kennedy. "Our sales rep said he'd never seen so many people at an open house before, and then, all of a sudden, whoosh!"

And how did she handle the crowd during this most troubling of interruptions? "Well, we just kept talkin' and serving hot dogs." 

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Show and tell

Displaying at your local home and garden show can help you find the right customers.

By Dean Sisson

A local home and garden show has proven to be a very effective way to market your dealership. It's very targeted, as the audience represents those people who are willing and able to pay for the services that you provide. Plus, if they're attending the show, they're certainly in a "spring-thinking" mode, which is the ideal time for you to pitch your products/services to them.

According to Dean Sisson, vice president of Midwest Retail Services, for you to maximize your impact at a local trade show, you must first understand your goal. This may not be as simple as you think. The obvious goal is exposing your company to as many people as possible. And on the surface, this is partly true. But the underlying goal should be communicating an image that those you speak with, and those you miss speaking to, at the trade show will take back with them. That image must be a mental picture made up of visual stimuli, verbal stimuli and take-with communications.

The underlying goal should be communicating an image that those you speak with, and those you miss speaking to, at the trade show will take back with them.

Visual stimuli

This part of trade show presentation should be simple and straightforward, but structured. Displaying pieces of equipment on a green mat, setting up a table for your brochures, etc. just don't cut it on their own. The goal is for the customer to remember your business, not just the equipment you sell. Distinguishing your business from another must be based on the expectations

you create for these potential customers. So consider incorporating the following items into your display area.

Backdrop. Bring a freestanding wall or fixture to serve as a backdrop.

Photos. Bring a large photo of your dealership (14x20), taken from the street. Also bring three to six smaller photos showing your parts and service areas, and of course, your showroom. Be sure the pictures have your employees in them – to personalize the photos. When a person who attended the show drives by your dealership, a mental picture will be associated with the photos (s)he saw at the show, and vice versa.

Equipment. Bring in your best equipment, and a good variety (if space permits). Spread the equipment out so people have enough room to move around. Smaller pieces can be grouped, larger pieces should be separated in pairs. The walking space between units is as important as the number of units you are showing. Too many units can create a barrier to customer movement, but a balance of "units to space" will induce customer interaction with the product. Also, don't be afraid to have a show special. If possible, raise a unit to feature it.

Lighting. Light your display area with light poles utilizing spotlights. Use these to highlight your shiny equipment. Have a light focused on every third piece of equipment if you can.

Sales tags. Tag all equipment with selling points and other salient information. Don't keep people guessing as they're looking at your offering.

Posters. Bring posters for your primary brands. Hang them up next to your main dealership photo on your booth's backdrop. If possible, these posters should not be larger than that photo of your dealership. Remember, you are selling your dealership first, and the brands you carry second.

Verbal communication

Relax when you speak. Trade show adrenaline can get you talking faster than customers can understand. Be sure your voice is friendly and welcoming. And keep in

mind that communication is a two-way street. Listen to what visitors say. Ask questions, and gauge your sales pitch and verbal skills as a response to the questions. Make eye contact and focus on the person you're talking with. The attitudes you display will be remembered as how you do business.

Personally invite people to your dealership. While at the booth, tell them about your business, and show them your equipment. Let them know that they can stop by your store any time, and you'd be happy to further serve them.

Spring open houses are another effective way to market your business. When executed in tandem with a local home and garden show, they become all the more powerful. Advertise your upcoming open house at your booth. Tell visitors about the event as you chat with them.

Spread the equipment out ... too many units can create a barrier to customer movement, but a balance of "units to space" will induce customer interaction with the product.

Take-with communications

Of course, the perfect complement to your verbal communications is take-with communications. You want to make sure that the show attendee leaves knowing what your business looks like, where it is located, what times you are open, and what services you provide.

Utilize manufacturer-provided handouts, as well as your own literature. Attach your business card to every piece. Hand out a coupon for a product or service special that can be redeemed at your dealership within the next couple of weeks. You want them to visit you as soon as possible after the show ends, so you can strike while the iron is hot.

After all, the ultimate goal of displaying at a local home and garden show is to induce the people who vis-

ited your booth to soon visit your dealership. By following the steps outlined here, you'll be well on your way to building a memorable, positive image of your business in the minds of potential customers. And that's the first step in getting them to come to your store, where you can knock 'em dead with the service necessary to make them one of your valued customers. **YG**

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About the author

Dean Sisson is vice president of Midwest Retail Services in Plain City, Ohio. The company specializes in showroom design, product merchandising, suppliers of major fixture brands and merchandising accessories, parts and storage shelving, fixture installations and signing design.

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Organizing your showroom

Tips on seasonal merchandising, directing traffic and avoiding clutter

By Gregg Wartgow

Your showroom is possibly the most important component of your dealership. Parts and service undoubtedly play pivotal roles in the store's overall success. For example, they're what set you apart from the mass merchants. But the showroom is the area that may play the biggest role in shaping the consumer's perception of your business.

A dirty, cluttered showroom with no real rhyme or reason to its layout leaves an unfavorable impression on the customer. On the other hand, a clean, organized showroom can leave the customer feeling good about his or her shopping experience.

Keeping things fresh

Moving equipment around helps keep your showroom looking fresh and interesting. It can also help boost sales. Products that might experience increased sales at a certain time of year can be displayed more prominently at that time of year.

John Buchanan, owner of Buchanan's Power Equipment Center in Lebanon, Ohio, says he changes his showroom's layout four or five times a year — as far as the major displays. In the fall, you'll find more blowers on display, not to mention fun karts and aerators. In

the winter, you'll find more snow throwers. Then, in the spring and summer, it's naturally mowers.

Buchanan also displays more attachments, in an effort to show the versatility of tractors. He says there are always some tractors on display in his showroom, regardless of the season. However, the season does determine which attachments are showcased along with the tractors. For example, snow blades are on display during the fall and winter months.

Moving equipment around helps keep your showroom looking fresh and interesting. It can also help boost sales.

Vic Sohar, owner of Sohar's All Seasons Mower Service in Macedonia, Ohio, pays close attention to how his non-power equipment products are displayed, and mixes things up on a weekly basis by changing displays and putting different items on sale. For example, in the spring, trimmer line is often put on special. In the winter, he puts two-cycle oil on sale; for snow blowers. A neon

sale sign goes above the display to draw the customer's attention. Sohar says it's a simple way to grab some additional sales.

In addition to the way it's displayed, it's also important to keep merchandise looking as nice as possible. At Sohar's All Seasons Mower Service, merchandise is cleaned daily. The showroom floor is swept



A clean, uncluttered showroom leaves the customer feeling good about his or her shopping experience.

every day, and it's mopped once a week.

"We don't have a specific person assigned to do these tasks," Sohar says. "It's a total team effort. We all realize how important it is. It's a priority. Our employees have to feel good about what they're selling, so they don't resist pitching in to help keep the equipment and showroom looking great."

Directing traffic

Displaying certain products more prominently during their "in" season is a popular merchandising tactic. When organizing your showroom layout, it's also possible to dictate customer traffic flow. Then, those items you are wanting to push are "right in the customer's face."

Case in point, Sohar displays the in-season products toward the end of the store where the customer enters, so the customer sees those products first. For example, in the fall, chain saws are displayed closer to the store entrance, and string trimmers are toward the back of the showroom. In the spring, those two products typically switch places.

As soon as customers walk in the door at Buchanan's Power Equipment Center, they have to turn right. So products Buchanan really wants to feature are displayed right there. Then, mats and rows of equipment (with product on either side of the aisle) direct customers to the center of the showroom; where the customer is then surrounded by bright, shiny equipment.

The strategic location of the parts counter is another good way to direct traffic flow. Many customers who walk through your doors are headed right for the parts counter. By placing the parts counter in a certain part of the store, and displaying equipment based on the route the customer will take to get to the parts counter, you can ensure that customers walk by the products you want them to see.

At Buchanan's Power Equipment Center, the parts counter is located toward the back of the showroom. So,



customers have to walk all the way through the showroom in order to reach the well-lit parts counter; passing by display after display en route.

At Sohar's All Seasons Mower Service, the parts counter is located directly in the middle of the showroom. Sohar says, "Our showroom is longer than it is wide. It's about 70 or 80 feet long. The parts counter is located about 30 feet from the entrance; which is about the middle of the showroom. So customers still have to walk past all the in-season equipment we're displaying up front in order to get to the parts/service area. Also, we put up displays of other popular products, such as two-cycle mix, right next to the parts counter. That's a nice way to grab some additional sales."

Buchanan employs a similar tactic. He says, "We use mobile storage units with rollers for merchandise like fuel cans and oil. We park it right next to the parts counter, so customers can't miss it. Often, a customer buying parts will turn around and buy a quart or two of oil. In fact, many times, customers will purchase oil by the case. So we stack up cases on the display as well, and price oil individually and by the case."

Avoiding clutter

One goal of having a well-thought-out, organized showroom is to optimize sales through effective merchandising. You also want to provide a pleasant shopping experience for the customer. That means giving him a comfort-

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able place to shop. And that means avoiding clutter.

This is sometimes a real challenge, particularly for dealers who are not blessed with large showrooms. Sohar says, "At times, we get a bit cluttered. Fortunately, we have an outside display; so larger equipment can go outside."

Buchanan says he displays tractors in line, and makes sure there's enough room between any pair for him to walk between. Then, the customer should have ample room to comfortably maneuver around the showroom.

In addition to the way it's displayed, it's also important to keep merchandise looking as nice as possible.

A second showroom — the warehouse

Going hand-in-hand with the merchandise displayed on your showroom is the excess inventory stored in your warehouse. In fact, the two are so closely related that some dealers are using their warehouses as a second showroom.

Sohar says, "We've transformed a section of our warehouse, which is connected to our store, into a showroom for commercial equipment. We have over 100 pieces of equipment assembled back there. That's appealing to the customer because it makes you look huge. And it's freed up a lot of space in our main showroom."

A section of Buchanan's warehouse, located 50 feet from his main building, also acts as a second showroom, mainly for larger products such as compact tractors that are too large to display in the main showroom.

There's another benefit to utilizing his warehouse as a showroom for larger equipment. He says, "When customers come back there and see all our inventory, it leaves quite an impression. They feel secure with us and think, 'They can serve me well because they have all the products here.'"

Along with utilizing a section of his warehouse as a

second showroom, Sohar has also designated a special prep area. He says, "We assemble the new equipment that comes in during the off-season right after Christmas. We have a special prep area designated in the warehouse for this. I pay for it in the winter. But come spring, we're ready to go."

But what about using the warehouse for its intended purpose — storing excess inventory? That all depends on how much space you have, how many brands you carry, and several other factors. Buchanan has one universal piece of advice: separate products by category.

He explains, "We keep all walk mowers and snow blowers against one wall. Lawn tractors are against another wall. Commercial equipment is along another wall. We keep small aisles between the crates to maximize space, and typically stack them no more than three high. That way, you can still walk through and read the serial numbers on each crate."

As for handheld equipment, Sohar hangs one-inch pipe in a section of his warehouse. All trimmers are set-up once they arrive, and are hung on the pipe. The trimmers are separated by manufacturer.

How you go about organizing your warehouse and showroom will vary from dealership to dealership, depending on each dealership's situation (square footage available, brands and types of products you carry, etc.). The point is, developing a system for organization will yield long-term, positive benefits for both your employees and your customers.

As Sohar says, "Customers want to know two things: how much and how fast." By organizing and maintaining an orderly showroom and warehouse, things will be much easier for your employees. And that benefit will translate directly to your customers, leaving a favorable impression of your dealership with them.



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*- Randy Longnecker, J&I Power Equipment, Olympia, WA,
with his antique Stihl Tractor.*

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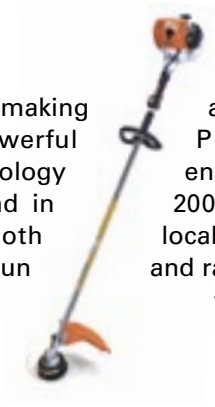
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