YARD & GARDEN
Dealer Success Guide
Leading Through
Tough Times
Sponsored by
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TURF Tiger

Find the Value-for-Money Advantage

To All Servicing Dealers,

It is no secret that the country is in an economic crisis. However, success in business is achieved by facing challenges squarely, remaining true to ideals and applying innovative business practices to grow responsibly. A recent *Harvard Business Review* article indicated that "smart companies perceive not just threats in a recession but also opportunities. Their goal is to grow so they emerge stronger from the downturn." The writers went on to suggest that a key factor for growth was developing value-for-money strategies that deliver products and services enabling consumers to be more effective and efficient with the same or fewer resources.

Cost-conscious customers are buying fewer new items, instead looking to keep what they have running longer. For those buying new products, their focus is quality and value, not just price or convenience. Consequently, you the servicing dealer – who have built your business on quality products with added value such as fuel efficiency, established relationships in your community, and genuine customer service – have an advantage over the more impersonal, price-driven box stores.

No matter what twists and turns the future may hold in 2009, dealers who examine their business practices, align themselves with quality suppliers, market their services persuasively, and take advantage of the sales and marketing tools their suppliers offer, stand not only to survive this economy, but potentially realize an even greater measure of success.

Wishing you good selling in 2009,

Fred J. Whyte
President
STIHL Incorporated

Be a Leader

In late January, STIHL Inc. President Fred Whyte sent out a letter to STIHL dealers and members of the dealer trade press. It was a breath of fresh air given all the doom and gloom out there—though I do take exception to one comment.

Whyte said, "It's 2009 and I'm still waiting for someone in the news media to say, 'Happy New Year!'" Come on man … those were the first three words I wrote in my January Front Yard column! Now, I'm no Brian Williams, but do consider myself a member of the news media, albeit the green industry news media.

But all kidding aside, Whyte's letter was uplifting. His comments loudly echo what leading dealers and landscape contractors tell me have been the keys to their prosperity these past couple of trying years:

- Responsibly managing costs
- Providing exceptional customer service
- Capitalizing on their competitive uniqueness
- Working as a team

In the letter, Whyte talked about what STIHL is doing to drive sales and profitability for both itself and its dealers, which can be boiled down to three main initiatives:

- Introducing new products to meet emerging end-user needs
- Employee training, including dealership personnel
- Marketing – which includes a continuation of the company's "servicing dealer only" distribution model

It's not easy out there, but success is possible. And success doesn't have to be measured in top line growth. Profit is the name of the game, right? Equally important are employee, customer and vendor relationships.

Some tough choices may have to be made this year. But one choice you don't have to make is to roll over and die. Times like this are when true leaders rise to the occasion. This edition of *Dealer Success Guide* is designed to help you find the strength and wisdom to do just that. So enjoy.

And oh yeah … Happy New Year! ■

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By Richard Flynn, senior vice president and general manager for American Express OPEN

Manage Cre for GREATE Economic Resilience

As small businesses battle the downturn, ingenuity and innovation are often among their strongest weapons. In this economic climate, they're more likely than ever to put much of what they do under the microscope, in search of new and better ways to save money and generate business.

Some dealers and retailers may be looking to greener equipment to help satisfy changing customer attitudes. Others may opt to tailor offers and service to women customers, as well as to a variety of niche markets that could represent a bottom-line boost in challenging times.

These moves represent the sorts of changes that could potentially help many build more resilient businesses. But as you look to bring innovation to your own business, don't stop with product lines, marketing and other customer-related areas. To assure that you'll have the wherewithal to see your latest innovations through, keep a close eye on your business's credit.

In good and bad times, credit can help keep a business steady. It provides financing for new growth initiatives, or temporary relief during a cash flow crunch. To put muscle behind your best innovations, follow these tips and improve how you manage your business's credit.

PUT YOUR BEST FOOT FORWARD

Lenders look at a number of sources to judge your business's creditworthiness, and they will look even more closely in the current economic climate. If you've established a strong history with a specific lender, that's a great start, but lenders also generally look beyond their own records to assess your credit history, turning to personal credit and commercial credit bureau reports.

To put your best foot forward, begin by making sure your business is registered with the major reporting agencies, such as Dun & Bradstreet, Experian and Equifax. The more sources of information there are about your company, the easier it is for lenders to confirm that you are an established business. When registering with reporting agencies, be aware that most offer a variety of services to small businesses. These include some that are free and others that are available for a fee, so carefully research which options are best for your business.

You'll also need to review your company's profile and credit report often so you can address and correct any inaccuracies. For example, is the Service Industry Classification (SIC) accurate? If not, your company could be seen as

Along with exceptional customer service, management and staff, strong credit is a building block of a sound business.

part of another industry entirely. If you're unsure which SIC code applies to your business, visit www.osha.gov/oshstats/sicser.html for the code that best describes what your company does. Also review the entire payment history in your credit report carefully, checking any Uniform Commercial Code (UCC) filings to confirm information about leases or liens that apply to your business.

FIND THE RIGHT BALANCE

Once you're prepared to make the best impression possible, apply immediately for any credit you anticipate needing. If you wait until you actually need it, your credit record may already be less attractive to lenders. Furthermore, securing credit with terms you're comfortable with takes time—a luxury you may not have later.

A far greater challenge than figuring out when to seek credit is knowing how much credit to apply for. Applying for too little can leave you strapped for cash, but applying for too much credit—or too often—can adversely affect your credit score. It's important, for example, to have enough short-term credit to cover short-term expenses, such as parts and other supplies. But if you have too much, you may be turned down for vital long-term credit when you need to finance new equipment or a new van.

You can determine the right balance for your business with an accountant (CPA) or other trusted financial advisor. But in preparation, make sure you have a good understanding of what your current expenses are and what your future expenses may be.

While reviewing what you currently spend, take time to question whether your expenses are really as low as they could be. What you've come to consider essential may not be. Monthly expenses are a particularly great place to cut back. Speak to long-term vendors and find out whether you can renegotiate a deal. If you've been a solid, long-term customer, a slow economy may offer room to negotiate.

Also evaluate your business's efficiency. Many businesses become set in their ways, but lean times are a great opportunity to streamline. As you've grown, perhaps you've outgrown how you purchase

Take-Home Points

- Make sure your business is registered with the major reporting agencies
- Review your company's profile and credit report often so you can address and correct inaccuracies
- Apply immediately for credit you anticipate needing
- Question whether your monthly expenses are as low as they could be
- Set up a fixed procedure for reviewing and paying bills each month
- Take a close look at cash flow management
- Look for ways to make invoicing more efficient
- Consider making purchases with business cards that offer rewards

parts or supplies. There may, for example, be a way to gain a discount by making fewer but larger orders—and not just on inventory.

PROTECT WHAT YOU'VE EARNED

If your company has good credit as well as an appropriate amount of credit on hand, you're in great shape, but you'll have to work to maintain your good standing. One of the easiest ways to maintain good credit is simply to pay on time. As easy as that sounds, however, routine tasks like paying the bills can sometimes be overlooked in small businesses since owners and employees generally wear several hats.

To avoid this problem, set up a fixed procedure for reviewing and paying the bills each month and appoint one or more people to carry it out. You should also take advantage of any tools that lenders offer to make timely payment easier. Some offer the option of setting up automatic payments each month, as well as account alerts by email or text message to keep you informed. Many lenders also offer the convenience of paying online or by phone, which allows you to hold onto cash as long as possible while still paying on time.

To make sure you'll have the cash to pay your bills, take a close look at cash flow management. Proper cash flow will give you the means to pay the bills and help you avoid overusing or misusing credit.

To keep cash flowing, look for ways to make your invoicing more efficient. Understanding every customer's invoice protocol and who manages payments will reduce delays and help keep you informed about when you can expect payment.

Another possibility to streamline invoicing and payment is to bill electronically and receive payments by electronic funds transfer. In addition, you may want to consider accepting credit cards for payment if you don't already do so, because it can limit your exposure to late payments and provide cash quickly.

Regardless of how carefully you manage cash, you will at some point need credit. The key is to make sure you use it wisely. Use long-term credit for long-term investments, and short-term credit such as credit cards and credit lines for short-term expenses. And above all, don't use it when you don't really need it. If debt evens out cash flow or contributes directly to revenue, it's probably worth considering.

When using credit and charge cards, consider making purchases with business cards that offer rewards, such as air miles, cash back and rewards points that can be redeemed for a variety of retail and travel benefits. Also, use charge cards when you can pay off purchases in full by the end of the month. Every penny counts in challenging times, so be sure to pay off bills when funds allow. These payments will reflect positively on your credit profile.

While a down economy often sparks much-needed innovation, perhaps the best thing about tough times is that they don't last. So make the best of lean times and build a resilient business that will soar when the economy eventually rebounds.

Take time to question whether your expenses are really as low as they could be. What you've come to consider essential may not be. Monthly expenses are a particularly great place to cut back.

For more tips on managing credit and building a resilient business, log on to OPENForum at openforum.com. OPENForum was created by American Express OPEN for outdoor power equipment dealers and retailers, as well as for other small businesses seeking community-building opportunities, specialized small business content, and advice from business leaders. ■

About The Author

Richard Flynn is senior vice president and general manager for American Express OPEN, the nation's leading issuer of small business card products.

REDUCE Mistakes... BOOST Profits

Overcome the barriers to LEAN Six Sigma results.

If you're like 99% of all businesses today, you're losing 25-40% of your profit margins to mistakes, rework, errors, omissions, defects and delay. Spending that kind of money to deal with, resolve and mitigate problems does more than just drain your bottom line; it also adds undue stress.

No matter what your company's particular challenge is, consider these questions:

- If you had 25% more staff, what new and interesting customer-serving projects would you undertake?
- What new products or services would you create?
- What possibilities would you embrace?

That's the power of LEAN Six Sigma: having more profit from streamlining your existing processes, which will then free up resources.

LEAN Six Sigma is a proven methodology for reducing cycle time, defects and delay—and for boosting profits. It's a results-oriented, project-focused approach to quality, productivity and profitability. It has simple goals, such as:

- 30-60% reduction in turnaround time
- 20-50% improvement in productivity
- 30-60% reduction in inventory

Unfortunately, many companies have barriers that keep them from executing a LEAN Six Sigma approach. Following are some of the common barriers and suggestions on how to overcome them.

BARRIER #1: PEOPLE DON'T LIKE BEING MEASURED

One of the secrets to getting better, making improvements and increasing customer satisfaction is to realize that your employees probably don't like being measured.

Typically when companies measure their employees' work or productivity, they use the information to reprimand employees. While measuring key factors in your company can indeed be useful, you need to use the metrics you uncover to identify how the processes or systems you have in place fail—not how your people fail.

For example, a call center may measure how long their customer service reps are on the phone with customers. The stated goal is to complete all calls in two minutes or less. As employees strive to stay within the parameters of that measurement, they don't give customers all the information they need, resulting in the customer calling back multiple times. In this case, the number of customer callbacks may be a more important metric than how long employees spend taking care of a customer. After all, what good are short phone calls if you have too many repeat phone calls?

Therefore, look at what you're measuring and decide if it's providing useful information. After this analysis, you might need to change what you're currently measuring. Or you might find that you are measuring correctly, but you shouldn't use the information to blame your people—blame your process instead, and then change that.

For example, if you're measuring technician efficiency and determine that "Tom" is only billing half his time, don't assume Tom is a screw-off who's burning half his time taking smoke breaks and talking on his cell phone. Maybe he's spending half his time looking for tools in your poorly organized shop, helping out at the counter during busy spells, or lending his expertise to your newer techs. You've determined Tom is only billing half his time—now figure out exactly why and what you can do to help him improve. If you determine that he is a screw-off, well, that's another matter.

While measuring key factors in your company can indeed be useful, you need to use the metrics you uncover to identify how the processes or systems you have in place fail—not how your people fail.

BARRIER #2: HAVING A "MACHO MAN" COMPLEX

Sometimes managers think they know all the right answers. They don't want to be driven in a direction to improve because they think they're doing a great job already. They believe they're great and don't need to change. To them, changing something is an admission that something they did or implemented didn't work. These are the people who truly hold a company back.

To rid this mentality from your staff, you need to let them know that all techniques fail at some point for a variety of reasons: a changing economy, a new industry development, a more diverse workplace, etc. Explain that all companies need new processes, approaches and techniques to find the hidden goldmine in the company. Help them realize that the goldmine is already there—they just can't see it the way they've always been looking at it.

BARRIER #3: GETTING ACHIEVERS AND PROBLEM SOLVERS TO WORK TOGETHER

You can group all of your employees into one of two categories: achievers or problem solvers. Here's the difference: If you ask people what's important to them about their job, they will say one of two things: 1) It's about what I can do, achieve or accomplish (the achievers), or 2) It's about avoiding difficulty, solving problems and avoiding mistakes (the problem solvers).

Achievers are not cut out for finding and fixing problems. Their focus is to sell more products or services and grow the business. Problem solvers, on the other hand, are great at fixing problems, but they don't have a visionary mindset. Without a problem to solve, they lack direction. As a result, there's conflict between the two mindsets in many companies. Therefore, you need to encourage the achievers to go to the problem solvers to help reach goals. Likewise, you need to encourage the problem solvers to look to the achievers for direction.

To identify the achievers and problem solvers in your company, ask people two simple questions: 1) What's important to you about your work? and 2) Why is that

important?

Let's suppose you ask everyone the first question and they all answer that serving the customer is important. When you ask them why that's important, achievers will give answers like, "We get more business," "We get better raises," and "We gain a greater market share." To them, it's all about achieving and what they get.

Problem solvers will give answers like, "We avoid having irate customers on the phone," and "We don't have to do rework." To them, it's all about avoiding pain.

Once you know which category everyone fits into, you can bridge the gap between the two mindsets so everyone works together efficiently.

LEAN SIX SIGMA FOR YOUR FUTURE

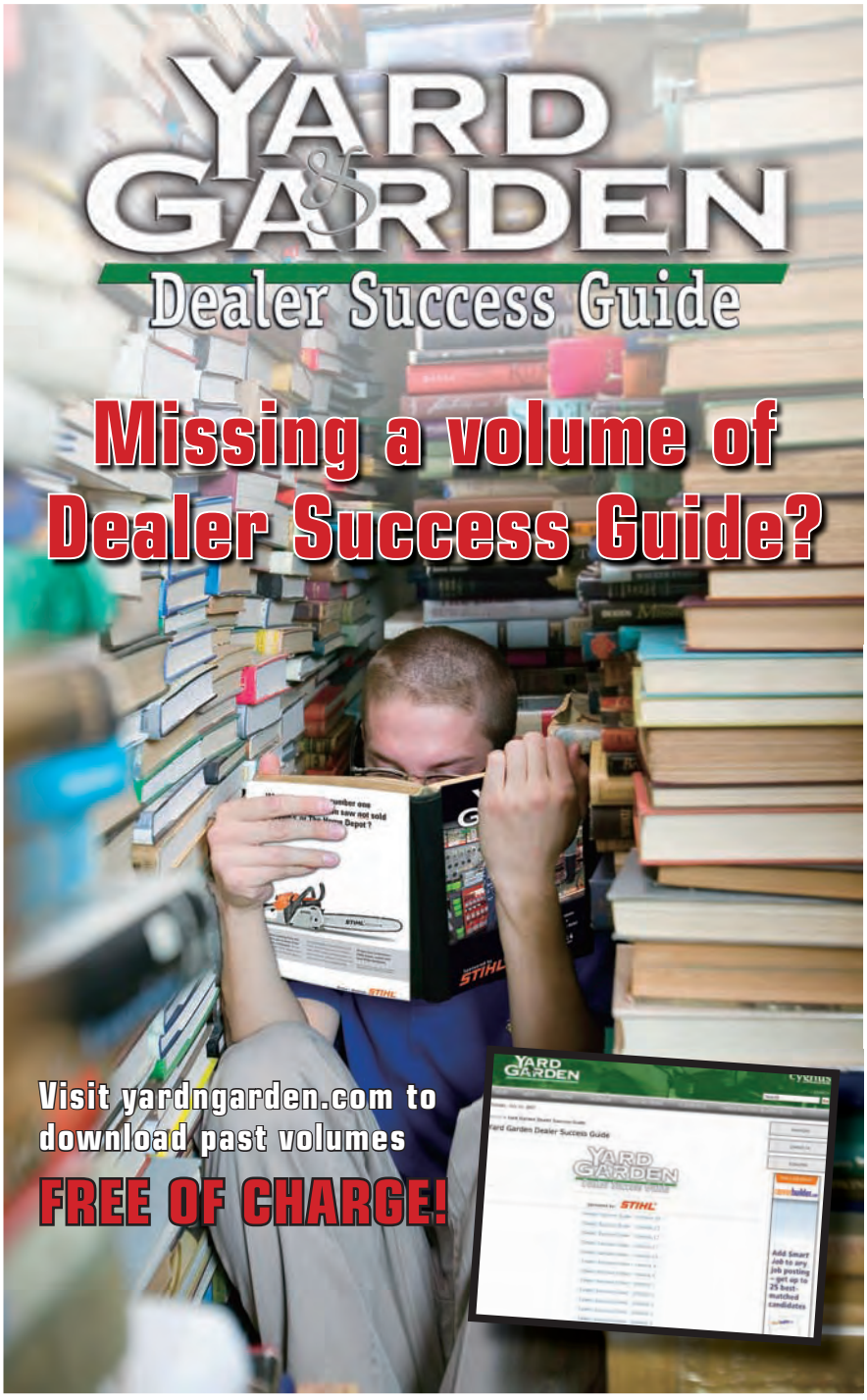
Finally, with all the barriers removed, be sure to give your employees permission to make things better. While the leadership team should ultimately pick the things that need to be improved, let your employees know they have permission to change how those aspects work. Give each employee ample face time to help ensure that they come up with good solutions. Nine times out of 10, their suggestions will amaze you.

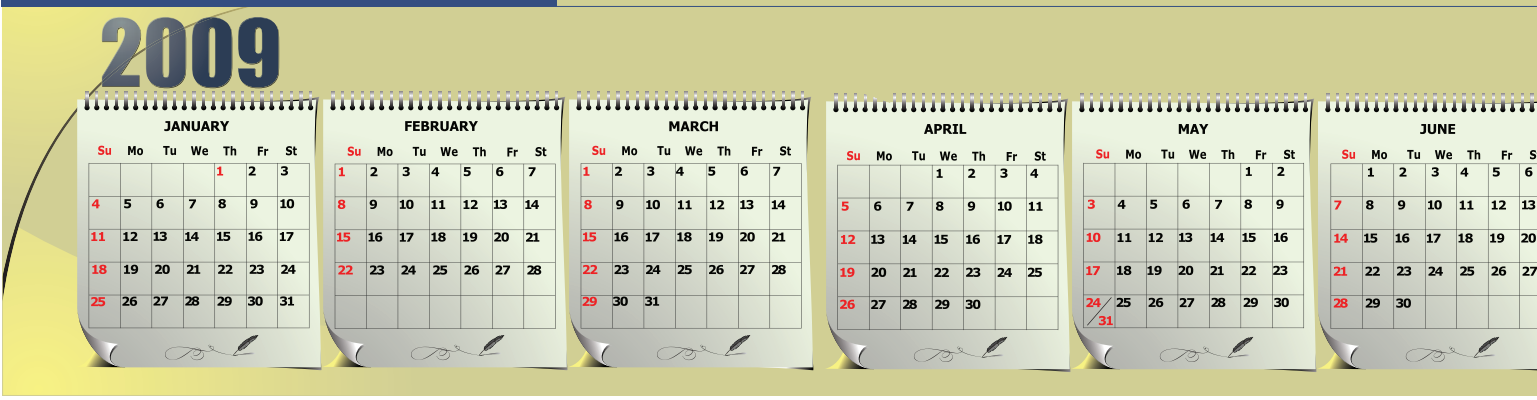
Unfortunately, many of today's companies are addicted to firefighting and crisis management. But when you overcome these common barriers and effectively execute LEAN Six Sigma, you don't have fires anymore. Your business just runs the way it should.

When you make these changes happen in your business, you'll experience a reduction in defects, increased quality, financial savings, and a predictable and manageable workload. At that point, you'll be able to reclaim all those lost profits and grow your company to new heights of success. ■

About the Author

Jay Arthur, the KnowWare Man, works with companies that want to double their profits by plugging the leaks in their cash flow. Jay created the "LEAN Six Sigma System," a collection of audio, video, books and software, is the author of "LEAN Six Sigma Demystified" and created the "QI Macros SPC Software" for Excel. For information about how to plug the leaks in your cash flow, sign up for free lessons at: www.qimacros.com/excel-spc-software.html or call 888-468-1537.





DEVELOPING a 12-Month Marketing Plan

Many dealers approach their marketing plans in the here and now. While this may work for a select few, developing a 12-month marketing plan could prove to be more cost-effective and successful overall.

Developing a 12-month marketing plan can be done at any time throughout the year, but should remain flexible to account for any timely events that could be incorporated into creative marketing pieces. Involving employees in the efforts and working together on continuously evaluating the marketing plan will further guarantee its success.

WHY PLAN SO FAR AHEAD?

The 12-month marketing calendar is a game plan for building a relationship with an identified target market systematically. Planning things to help target those customers gives them an opportunity to get to know your business and the products offered. This could lead to further inquiries and hopefully purchases. As important as target marketing is, shouldn't it require careful planning?

Aside from improving your marketing dollars' chance at success, there are plenty of benefits to developing a 12-month marketing plan. "It gives you the opportunity to plan ahead so you are ready when the time comes," says Chestin Salisbury, president of Lawn Care Marketing Magic. "With careful planning you are not scrambling around trying to figure out what you need to do—and how—in order to execute successful marketing."

The further ahead of the game you can get with your planning, the more cost-effective it could be. "If dealers take the initiative to plan ahead, they will have more time to research venders and work with partners," says Salisbury. Researching options for marketing dollars will allow them to go farther. There's potential to find a new and exciting way to market or a way to meet your budget better.

Planning ahead also relives some stress on the dealer. "As the marketing manager or business owner trying to come up with these plans, there is certainly a cost associated with that stress," explains Salisbury. "It doesn't show up on the bottom line, but there is a cost savings with that sense of knowing that things are in place and ready to go."

BUILDING A PLAN

Any marketing plan begins with a target audience in mind. "To be effective with marketing requires finding a target market and then establishing a relationship with that market," advises Salisbury. "Even more powerful than that is building the direct relationship with prospects that you know are good candidates for what you have to offer." Dealers should consider which target markets they need to build or maintain a relationship with and adjust their plan accordingly.

How detailed a dealer wants to get with their marketing plan is up to them, but just having some kind of plan can work wonders. "Dealers should at least take an overall view of the next 12 months and plan out those events ahead of time, even if they are not getting down to the nitty gritty details," says Salisbury. "They should establish a theme or an objective and work their way from there. The plan should build upon itself and be an ongoing process."

As a dealer, there are co-op dollars from suppliers that can be used to your advantage. Having a conversation with your territory manager to discuss how you would like their help with the 12-month plan is a good idea. "You may want to consider the seasonality of the business and plan for heavier marketing in the spring when the cutting season begins," suggests Salisbury.

When developing the marketing plan, it is important to avoid getting too specific. While a meticulous marketing plan may seem like a good thing, it could become constricting. "Developing a tight and limiting marketing plan can be discouraging to the dealer," says Salisbury. "Planning for every day or moment can make it hard to follow when things get carried away in the dealership's day-to-day operations." A plan should be thorough, but at the same time realistic.

Salisbury encourages involving employees in the planning and sparking their interest with incentives or special responsibilities. "It's absolutely important to include staff and get them excited about the planning," he explains. "Create objectives and goals, keeping them involved in the progress and letting them know the status of things." Work with employees to come up new marketing ideas and assign them responsibilities—and then hold them accountable to those.

MAINTENANCE AND EVALUATION

Similar to equipment maintenance, marketing plans need constant upkeep to improve and maintain their performance. Once it has been developed and is in action, the plan should be evaluated by the dealer and staff. "If it doesn't get measured, it doesn't improve," warns Salisbury. "Having periodic checkups is key."

Dealers should sit down once a month and ask themselves a few questions to analyze where they are in the plan. Salisbury suggests taking time monthly, or at least quarterly, to ask yourself the following questions: What marketing have we done? What worked? What didn't work? Are we hitting the right target market? Are we certain we are using the right media? Are the deals we are offering working to our advantage?

Use that information obtained from analyzing in planning for upcoming campaigns and programs. "Examining all of those different variables on a periodic basis allows you to make changes and adjust," says Salisbury. "If you have some flexibility built into your plan, as you sit down and analyze what's working and what is not, it allows you to make changes as you move forward."

Maintaining the marketing plan through periodic checkups is a great way to hold people accountable and get them involved. It helps let everyone involved know whether you are hitting your marketing targets. Working together to build and maintain a 12-month marketing plan could help your dealership use your marketing dollars to their full potential. ■

As a dealer, there are co-op dollars from suppliers that can be used to your advantage. Having a conversation with your territory manager to discuss how you would like their help with the 12-month plan is a good idea.

About the Author

Chestin Salisbury is president of Lawn Care Marketing Magic, a subsidiary of Magical Marketing Systems, a direct response marketing firm focused on helping small businesses create low-cost marketing systems that attract steady streams of qualified prospects, convert these prospects to satisfied clients, and then maximize the value of the relationship with these clients.

Salisbury is also the author of the "Magical Marketing Minute," a monthly printed newsletter that addresses various topics related to effective small business marketing, as well as "The Lawn Care Marketing Magic Minute," a weekly e-newsletter that focuses on helping you grow your green industry business. Visit lawncaremarketingmagic.com.

Direct Results

The top five direct marketing mistakes—and how to avoid them

Ex-landscape contractor Jeffrey Scott, now a green industry consultant and author, is a big fan of direct marketing. "It's a very targeted, cost-effective way to market your business," he says. At the same time, direct marketing—direct mail in particular—can be a drain on your resources if you don't implement your strategy in the right way.

"Breaking through with your marketing message can be a challenge, especially these days with all the 'white noise' consumers are dealing with," Scott points out. "Cell phones, email, billboards, advertisements ... the consumer's brain is forced to deal with so many things that it simply tunes out most marketing messages that it sees and hears."

Enter the double-edged sword: direct marketing. If you do it right, your message can slice through the flurry of white noise and make a direct, positive impact on a potential customer.

If you do it wrong, your direct marketing efforts will simply add to the white noise and detract from your bottom line.

Scott says there are five main mistakes to avoid when putting together your direct marketing strategy.

1. MASS MAILING

According to Scott, the biggest direct marketing mistake is adopting the "mass mailing" approach without having a target in mind. You blanket an area with door hangers or a postcard mailing, with little thought given to who those prospects really are. Sure, you might pick up a few customers this way. But chances are, you'll have wasted money in the process.

"A friend was telling me how, every April, he gets a very impersonal mailing from a company based in a town 40 miles away," Scott relates. "This company obviously wants to expand into this market, so it's sending mailings to just about everyone who lives there. My friend said he laughs every time he gets that mailing because it goes straight in the trashcan. 'If this company knew anything about me, they'd know I'm not the type of person who's going to purchase their services,' my friend pointed out. This is a perfect example of how you can waste money on 'mass mailing.'"

To maximize your response rate, Scott says the first thing to do is invest in a good mailing list. Think about the important demographic data points you can hone in on: age, income, home value, job title, and magazines the prospect subscribes to, etc.

"Develop a target profile," Scott advises. "If you don't, you literally won't know what kind of list to buy. The more defined your target, the more effective your mailing is going to be. You will be able to send more mailings to your target, but fewer mailings in total, thus saving money while increasing your chances of response."

2. SENDING TO 'DEAR RESIDENT'

When you have a good list, you can make the mailings personal. Collecting addresses and sending out "Dear Resident" mailings is not enough. "I think it was Dale Carnegie who said, 'The sweetest sound a person has ever heard is their own name,'" Scott tells. "That's true in direct marketing also."

Some marketing studies suggest that direct marketers can enjoy a 44% increase in response if they use the prospect's name, a 135% increase if they use the prospect's name and some color, and as much as a 500% increase if they also incorporate some customized text. So personalize your mailings.

3. ME-TOO MARKETING

Scott says the "me-too" look typically proves to be a waste of your marketing dollars. More importantly, "When you start to look like everyone else, you're in danger of making your business look like a commodity," Scott reminds. "And that's when closing the deal often comes down to price."

Your marketing needs to capture the consumer's attention. Again, Scott emphasizes, it can't be the same old me-too. "You must capture the consumer's emotions," he says. "I recently saw a great example from a business magazine; it had an article titled, 'The Sexiest Economists Alive.' Most people consider economics boring, but I am sure many people read this article because of the title.

"It also helps if your marketing uses really high-quality equipment images," Scott continues. "Investing in photography is like printing money, because a great picture will stop a consumer in their tracks and elicit an emotion."

If you do it right, your (marketing) message can slice through the flurry of white noise and make a direct, positive impact on a potential customer. If you do it wrong, your direct marketing efforts will simply add to the white noise and detract from your bottom line.

The size of your mailing is also important. Standard postcard-size mailings can get lost in the white noise. "I usually go with 6" x 9" and extra thick," Scott relates. "They do cost a bit more. But if you're narrowly targeting the recipients, you can afford it because you're mailing fewer cards and the response rate should be greater."

As a service provider, the promise you make to your customer is important, and should be incorporated into your direct marketing efforts. Once again, the me-too approach doesn't work. "Make a promise that's different and more focused," Scott says. "Quality products and great service don't cut it. Everybody promises that. Instead, talk about service turnaround time or offer some kind of guarantee. Whatever you do, make it different, specific, and focus on things that will really matter to the customer."

4. THE SUPER BOWL APPROACH

With all the white noise consumers must contend with these days, the frequency of a company's marketing message has become increasingly important. You can't do one big ad, like during the Super Bowl, and expect to build your business.

"The American Marketing Association says a person needs to see something three times before they even recognize it," Scott points out. "That person needs to see it seven times before they associate it with what you do. And the person needs to see it 27 times before he or she is comfortable giving money to that company."

Now, your results may vary from these numbers a bit, but the concept is clear: You must communicate your brand and marketing message in a consistent and repetitive manner if you want the public to start paying attention.

In relation to direct marketing, "Don't be afraid to re-send a mailing 10 days after you sent it the first time—even if it's the exact same one," Scott says. "Consumers don't view that mailing the same way you do. They won't say, 'Hey, that's the same photo they used last time. How boring is that?' Repetition is key to getting them to pay attention."

As for the theory that it takes 27 impressions before a prospect is willing to buy from you, don't think that means you should send the same mailing 27 times over the course of a year. These impressions also come from the other marketing efforts you make, including your delivery trucks, signs and invoices. "Everything should have the same overall look," Scott says. "A unique logo is important in this process; it will reinforce your marketing message and help you achieve these 27 impressions."

"As a service provider, the promise you make to your customer is important, and should be incorporated into your direct marketing efforts."

5. MARKETING IS AN EXPENSE

All of this takes time, patience and money, which leads to Scott's fifth most important key to making your direct marketing efforts a success. You should view direct marketing, and marketing in general, as an investment, as opposed to an expense.

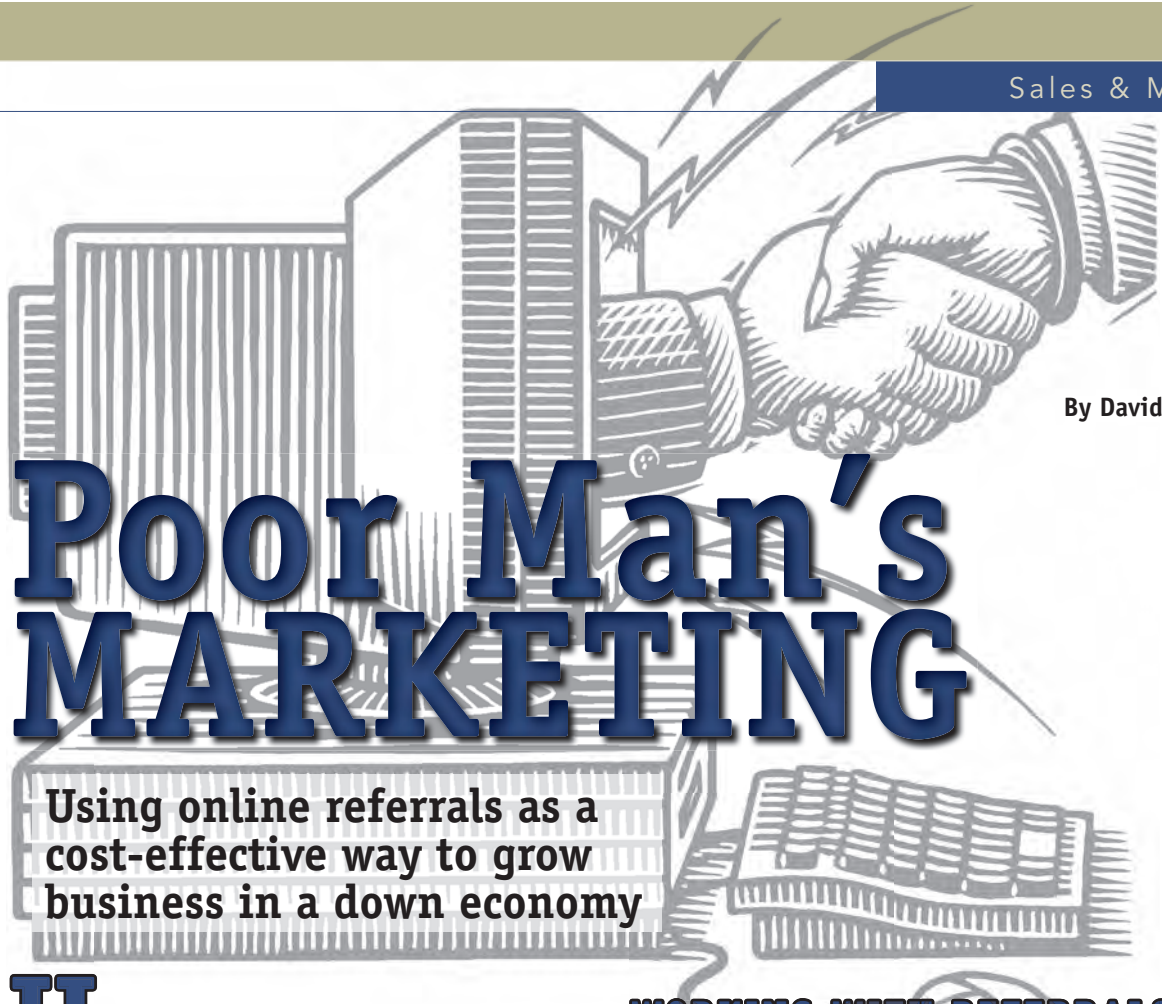
"You may have to spend real money to make it work," Scott says, "but it should be helping your business grow, no different than a lift in the shop or software program you purchase.

Some people say they want to spend 2% of their sales on marketing. That's fine. But if you're not thinking about your marketing efforts and spending the money in the right ways, it just becomes dead weight.

"You have to track your marketing efforts, just like you track product line profitability," Scott goes on to say. "Know where your leads are coming from, figure out which marketing is working and which is not. Don't think you can do just a single mailing. Marketing is something that happens over time. It's like courting; you have to make multiple favorable impressions before you convince your partner that you are the one." ■

About The Author

Ex-landscape contractor Jeffrey Scott is now a green industry consultant and the author of "The Referral Advantage." He has taught many business owners successful marketing techniques that grow business quickly and profitably. Jeffrey is also available to speak at your open house or other special event to help your landscape customers grow their businesses. Learn more by visiting www.jeffreyscott.biz.



By David Lupberger

Poor Man's MARKETING

Using online referrals as a cost-effective way to grow business in a down economy

Historically, advertising budgets take a hit in poor economic times. However, in 2009 technology has provided an alternative to the newspaper, Yellow Pages and television commercials—the Internet.

It's no secret that more consumers are using the Internet to research before they spend. They seek knowledge and advice regarding anything that has to do with their home and how best to spend their money in these hard times.

GETTING REFERRALS

These consumers may never have heard of your company, but they are looking for an outdoor power equipment dealer who has excellent testimonials from past customers on their products and service.

Finding those potential customers who are online looking for you is probably simpler than you think. Even if you don't have a website, there are ways for people to find your company, and learn about the products and services you provide.

Lead generation websites, where prospective customers can find local, reliable retailers, offer an extremely effective way to build a web presence for your company. These services build you an Internet profile that gets put right in front of the potential customers they find for you. Customers can look at verified ratings and reviews from your past customers.

WORKING WITH REFERRALS

There are two things to remember about referral services. Their primary purpose is to bring you potential clients who are already looking for your products and services. Therefore, you are getting qualified top-tier leads.

Remember, once you get a referral, it doesn't go away even if it doesn't end in a sale. Hang on to every referral you get. Make sure it becomes a permanent part of your marketing plan now and in the future. Email campaigns, direct mail campaigns, and discount offers are all ways to keep your business name in front of customers as much as possible. Who knows? They may have decided to postpone their purchase for a few months. By keeping your name in front of them, you are reminding them of your experience, quality products and unmatched service for when they decide to go forward with the equipment purchase.

Use the Internet, and build a list of current and potential clients to increase business in the short and long term. By doing this cost-effectively today, you can help your business survive a sour economy and thrive when it turns around. ■

About The Author

David Lupberger is the home improvement expert for servicemagic.com, an online resource for homeowners searching for prescreened and customer-rated home service professionals.

Advertisement

STIHL BR 600

The Backpack Blower That Pays for Itself

Porsche Engineering Group GmbH Finds STIHL BR 600 More Fuel Efficient Than Competitors

STIHL BR 600 Backpack Blower

> **Up to 28% more fuel efficient**
> **Up to 20% less weight***
> **Up to 12% more air volume power***

Save Your Customers Money, Increase Your Bottom Line

A study conducted by the Porsche Engineering Group GmbH found that the STIHL BR 600 backpack blower is up to 28% more fuel efficient than competitive models, which can provide your customers significant fuel savings per unit in just two seasons!

These results are significant and pertinent to your professional customers given that the Professional Landcare Network (PLANET) found in a recent member survey that the top concern for landscape contractors is the cost of fuel.

Cutting Edge Technologies

The STIHL BR 600 led the competitors' models in the Porsche study, ranking the highest in fuel efficiency. The value-priced STIHL BR 550 was also tested in the Porsche study, and was found to be 16% more fuel efficient than the BR 600.

"Our priority at STIHL is the development of products that provide the best in power and performance, but are also fuel efficient and environmentally responsible. These results showcase the dedication we put into the products on every level," said John Foster, manager of product compliance at STIHL Inc.

Help Customers Make Informed Decisions

"We look forward to helping our dealers educate customers about our products by using our Web site, which includes an online fuel calculator and advertising material to help them make an informed decision," added Adam Hanks, product manager, STIHL Inc.

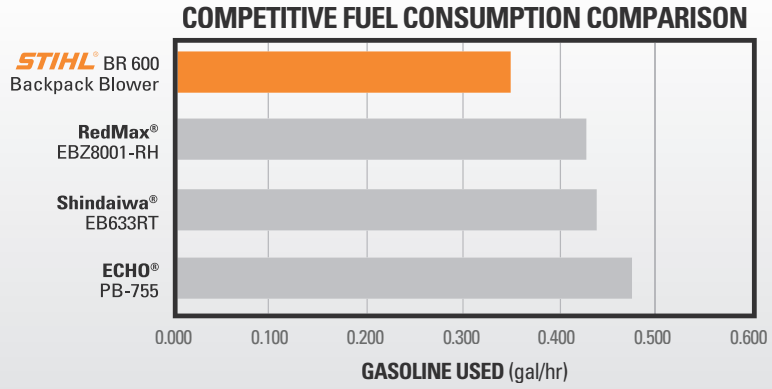
To learn more about STIHL products and the results of the Porsche Engineering Group GmbH test commissioned by STIHL, visit www.stihlusa.com/BR600. For more information on EPA reporting, visit www.epa.org.

For More Information Circle 100 on Reader Service Card

Powered by one of the cleanest-running engines in its class— the STIHL BR 600 Backpack Blower blew away the competition in head-to-head comparison tests. See how it can save your customers money at the gas pump.

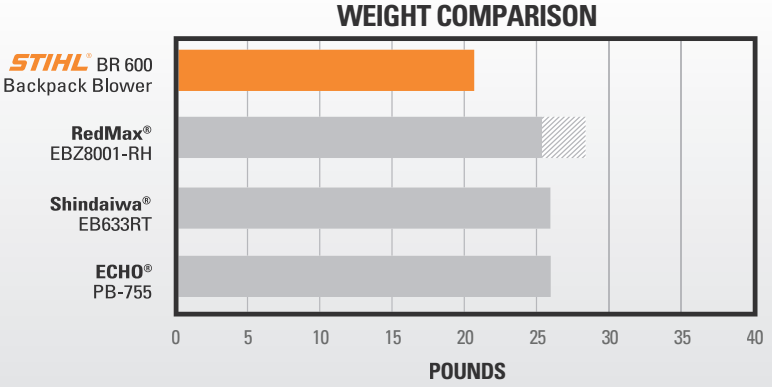
Fuel Savings

- **The STIHL BR 600 backpack blower is up to 28% more fuel efficient than competitive models.**
- **You can realize significant fuel savings per unit in just two seasons. To calculate savings, go to www.stihlusa.com/fuel_calculator.**
- **The BR 600 is also rated as having some of the lowest emissions in its class per information posted at EPA Web site (October 2008).**



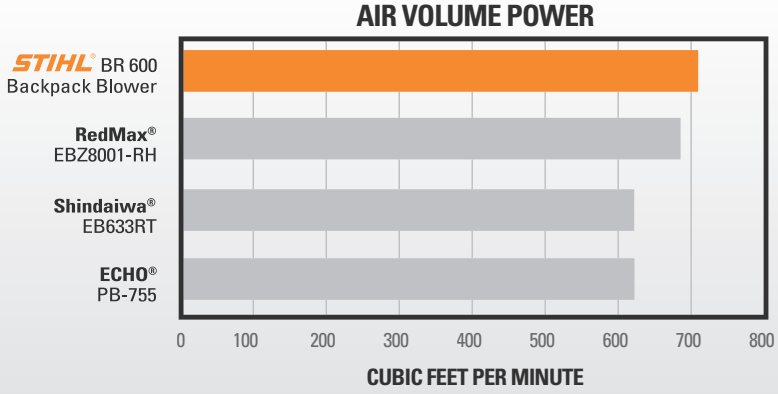
Less Weight

- **The BR 600 is up to 20% lighter than competitor brands.**
- **Specifications from manufacturers' catalogs and Web sites were used to draw this comparison.**



More Power

- **The STIHL BR 600 provides up to 12% more power than competitive models tested.**
- **Air velocity for all machines is between 199 and 204 mph.**



**Weight and air volume comparisons were based upon specifications from manufacturers' Web sites and catalogs. RedMax® published data is without tubes. STIHL, Shindaiwa® and ECHO® weights are with tubes. Air volume measured with tubes. Air velocity for all machines is between 199 and 204 mph). All blowers featured in the comparison have similar air speeds.*

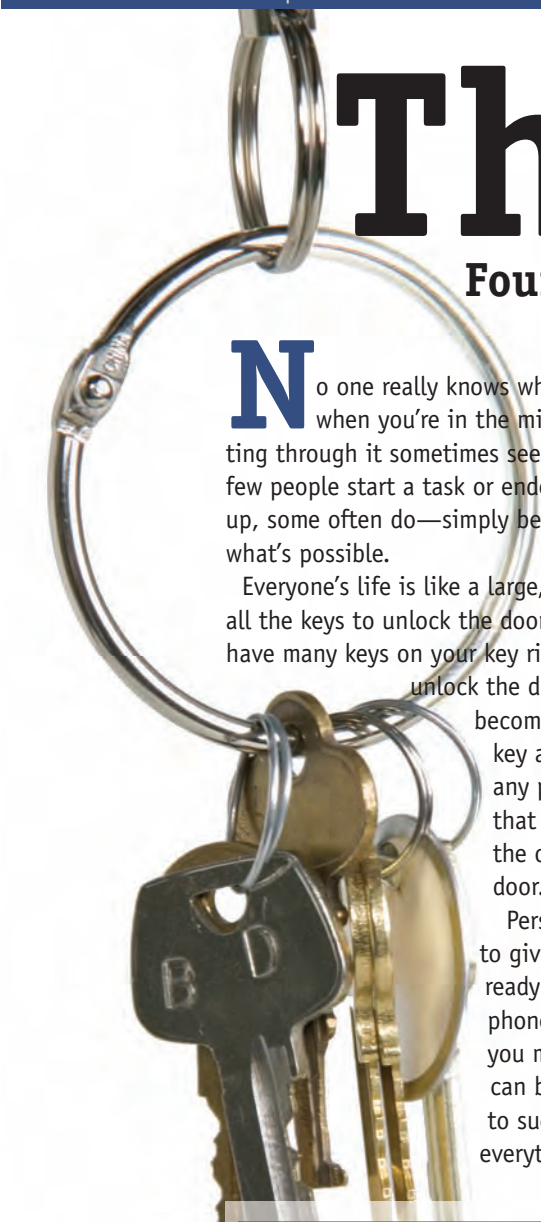
RedMax®, Shindaiwa® and ECHO® are registered trademarks of their respective companies.

STIHL®

By Valerie Greene

The Power

Four steps to reach any goal



No one really knows what the future holds. And when you're in the midst of a challenge, getting through it sometimes seems impossible. So while few people start a task or endeavor expecting to give up, some often do—simply because they lose sight of what's possible.

Everyone's life is like a large, round key ring, holding all the keys to unlock the doors you want to open. You have many keys on your key ring, but only one will unlock the door you seek. When you become discouraged of trying key after key and not making any progress, just realize that the next key could be the one that unlocks the door.

Persistence means refusing to give up. Just when you're ready to give up, the next phone call you get, person you meet or step you take can be the one that leads to success. Remember that everything changes every moment. So while we all get discouraged from time to time, tell yourself that giving up is simply not an option. You must always try one more time.

You won't get very far if you don't know where you're going. That's why you need to identify the ultimate end point you want to achieve.

Following are some tips to help you stay focused.

SET A GOAL AND HAVE A PLAN

You won't get very far if you don't know where you're going. That's why you need to identify the ultimate end point you want to achieve.

Write down your grand goal and hang it on a wall in your office so you'll see it every day. Likewise, find pictures in magazines that represent the goal, cut them out, and hang them up as well. Daily visual reminders will help keep you focused.

Once you know what you want, you can determine the specific steps you need to take to make that goal a reality. They key is to be very specific.

For example, suppose your goal is to become the No. 1 dealer of a certain brand in your state. Sure, you'll probably need to sell more units. But what specific steps can you take to help make that happen? Maybe they include:

- Creating an early-season buying program for commercial accounts
- Targeting a growing area of town with direct mail
- Setting up a meeting with your TM to discuss ways he can help you take sales to the next level

Remember, the specific action steps you identify will help you reach your ultimate goal. As you take each step, you'll feel like you're making progress, encouraging you to continue striving toward that ultimate goal.

Whatever goal you make, be sure it's realistic, yet a bit lofty. If you set a lofty goal and come shy of it, you're still further ahead than if you had made a smaller goal. Remember that few goals are attained overnight, so be patient and take one step at a time.

RECOGNIZE YOUR ACCOMPLISHMENTS

In order to keep your motivation high and your perseverance going strong, honor the small milestones you accomplish on your way towards your goal. Celebrate key accomplishments by treating you and your staff to something special, such as a nice dinner or trip to a ball game.

Another option is to track your small accomplishments on a progress board, much like how fundraising companies track how much money they've brought in throughout the year. Display the board in a place where you'll see it often. That way, when you feel your perseverance waning, you can quickly remind yourself of how far you've come, and that success is just around the corner.

SET UP A SUPPORT NETWORK

You likely have friends and family, along with other dealers and business owners, who constantly cheer you on and encourage you to reach your goals. Identify

# of Persistence

Suppose your goal is to become the No. 1 dealer of a certain brand in your state. Sure, you'll probably need to sell more units. But what specific steps can you take to help make that happen?

these people in your life and make them a part of your support network. Share with them everything you want to accomplish, and ask them to hold you accountable for reaching your goals.

Why is a support network so important to help you persevere? Because most people give up too soon. We have so many things going against us, such as tough competition and negative messages about life in general coming at us from many different fronts. All that negativity works against us and sometimes makes us break down. That's why everyone needs support systems. Even if you're only able to advance a little bit, share that with your support network so they can congratulate you and help you stay true to what you ultimately want to accomplish.

MAKE A COMMITMENT TO YOURSELF

Decide once and for all that you will see this through to the end and that you will reach your goal. Commitment comes from within. So commit with all your heart and muster all your willpower to persevere, no matter what. Remember, if you want something bad enough, you will find a way to achieve it.

We all have challenges to overcome. While some people have what seem like bigger mountains to climb, all our efforts are equally rewarding once we reach our goal. The human spirit is powerful beyond comprehension. So decide to start taking steps towards your goal, and soon you'll be looking back at them and admiring all you've accomplished. Whenever you feel like giving up, just remember that it's always darkest before dawn. Believe in yourself, and never give up. ■

About the Author

At age 31, Valerie Greene was a healthy, athletic and successful business owner until a massive stroke paralyzed the left side of her body and left her unable to speak. Today she is sought out as a national keynote speaker delivering a powerful story of courage, determination and success. Valerie is the author of "Fire Within: A True Story of Triumph over Tragedy," and "Driven by Fire: Surviving a Massive Stroke." For more information, please visit ValerieGreene.com.

EXIT Strategies

When it's time to retire, generational transfer of your business is not the only option.

For many dealers, when it's time to move on and retire, the family business is passed down to the next generation. But when a generational transfer is not in the cards, it's important to know that you have plenty of other options—and selling the business for a less-than-palatable price isn't the only one.

John Leonetti, author of the book "Exiting Your Business, Protecting Your Wealth," says there are five key exit options available, each of which has its own pros and cons. The book is designed to help business owners figure out which is best for them, so they can customize their exit plans and protect their wealth in the process.

"At the end of the day, buyers are interested in your cash flows and their ability to achieve a return on investment that meets their investing criteria."

OPTION 1 – SELLING THE BUSINESS

Leonetti reveals that only 20% of privately held companies are able to sell to outside buyers. The upside of selling is that it's the highest-value exit. The downside for many owners, though, is that walking away from a company that took years to build is painful. Moreover, the continued income and benefits of ownership are lost, while the taxes and fees generated by the sale often drastically reduce the amount of money the owner finally receives.

But this assumes your business is even salable. Not sure if yours is? Visit exitingyourbusiness.com for a list of items that buyers often look for when purchasing businesses.

If you determine that your business is indeed salable, how much is it worth? This can get tricky, because the concept of "fair market value" takes many factors into consideration, including:

- Business assets
- After-tax earnings
- Economic outlook (including local conditions)
- Goodwill and intangible assets such as your reputation, customer lists and customer relationships
- Business history, including management team and staff, competitive situation, vendor relations
- Financial condition, including the status of liabilities, inventory analysis
- What comparable businesses have sold for

"At the end of the day, buyers are interested in your cash flows and their ability to achieve a return on investment that meets their investing criteria," Leonetti says. "Existing owners should organize their documents and begin a cleanup of all the outstanding items, including employee-related matters and small claims issues. Also, do not underestimate the importance of the business having a clean physical appearance. First impressions count."

OPTION 2 – PRIVATE EQUITY GROUP RECAPITALIZATIONS

This option allows the exiting owner to retain operational control through an employment agreement, while selling a majority of the business to others. Although the owner may lose strategic and financial control, he or she does continue to receive income and participate in the future value of the business when it is later resold.

Leonetti says private equity groups typically look to purchase 80% of the shares of a company. Then the groups offer the owner multi-year employment agreements to continue running the day-to-day operations of the business in return for salary and bonuses. In addition, the owner maintains a percentage of the business—here 20%—so that the existing owner's interests are aligned with those of the new financial owners.

Why wouldn't every business owner choose this option? Well, it might be hard for some to work with new

partners, changes might be hard to implement, and being managed might prove to be an insurmountable adjustment. "If you view your business as a job, as opposed to an investment, you may not be comfortable making the changes needed in order to generate more profits," Leonetti points out. "You need to reflect on your ability to work with new, high-performing partners before seriously considering a transaction like this."

OPTION 3 – EMPLOYEE STOCK OWNERSHIP PLANS (ESOP)

If you're starting to think about exiting your business but aren't quite ready to retire, ESOP's can be a good option. You start to transfer control to insiders, such as family members or employees. You will continue to run the company in the short-term while putting into place an exit strategy that will be executed over several years.

In his book, Leonetti explains how ESOP's can be customized, combined with other options, and/or implemented over several years to meet an individual's needs. Setting up an ESOP is not a simple process, but with the help of a good advisor, it can prove to be a very powerful tool.

OPTION 4 – MANAGEMENT BUYOUTS

Management buyouts are an excellent option for the business owner who has saved for his or her financial future and wants to pass on the business to his or her loyal management team. All businesses are different, so the potential outcomes from management buyouts will vary. However, some common denominators can be identified in virtually any management buyout:

- Employees don't have the money to buy the business
- Managers don't take risks the way you do
- Your relationship with your managers will change from employer-employees to partners
- You're negotiating with people who work for you
- The business will likely need to serve as collateral for the exit to function properly

Why go with this option?

- Your managers know the business, so value can be maintained through continuity of business operations
- It's a controlled exit that can occur over many years, providing a flexible deal structure and tax situation
- An internal transaction does not require an outside party
- There is an affinity toward your managers who helped grow the business and your personal wealth

Leonetti explains that the success of the MBO is highly dependent on the circumstances of the individual business and of the people involved. He presents a thorough explanation of the ways a management buyout can be structured in his book.

OPTION 5 – GIFTING

The fifth exit option is ideal for business owners who are not interested in extracting value from their companies when they retire. Instead, they wish to give their businesses to family, employees or charities, while limiting tax liabilities. Leonetti presents a clear discussion of how to implement these various gifting options.

"Gifting programs are a study unto themselves," Leonetti points out, "encompassing volumes of written work and constantly changing tax code sections and tax court rulings. Exiting owners who are forward-thinking about protecting their wealth will build a plan that utilizes certain tax laws so that assets can pass to others in the most tax-efficient manner possible."

PROTECTING YOUR WEALTH

As you can see, in addition to learning about the five different exit options available, business owners must also come to understand deal structuring and taxes.

(The management buyout is) a controlled exit that can occur over many years, providing a flexible deal structure and tax situation.

"It does not benefit a business owner to increase the selling price of their business through tough negotiations, only to give back those gains to higher tax rates due to structuring that favors the buyer," Leonetti points out. "The financial objective of exiting a business is not necessarily about achieving the highest price, but rather about achieving the greatest sum total of all payments for the business. My book is designed to help business owners do just that." ■

About the Author

John M. Leonetti, Esq., CFP, CM&AA, is managing director of Pinnacle Equity Solutions (pinnacleequitysolutions.com), an exit strategies firm for advisors and their business-owner clients.

PREPARING for the Unkindest Cut

Tips for planning reductions in workforce

We know that the recent financial crisis and related economic downturn unfortunately are causing many employers to consider ways to reduce operational expenses, including through workforce restructuring and layoffs. The following are some issues for employers to consider as they grapple with whether and how to implement a layoff.

IS A LAYOFF EVEN NECESSARY?

An important threshold question is whether a layoff is even necessary or appropriate. The typical objective is to reduce expenses through the paring down of payroll and benefits-related costs. Such cost savings may make an RIF (reduction in force) attractive, but large-scale reductions also entail substantial "hidden" costs, such as the attrition of valued employees, and downstream costs of hiring again when economic circumstances improve.

Alternative methods to achieving expense reductions should be considered before an RIF is implemented. Such alternatives can include hiring freezes, wage freezes, postponement of wage increases, reduction or elimination of annual bonuses, reduction in fringe benefits, reduced work hours, transferring potentially affected employees to open or vacant positions, and engaging in more selective performance-based terminations.

VOLUNTARY VS. INVOLUNTARY

One alternative to an involuntary layoff is a voluntary separation or incentive program. This approach can minimize a company's exposure to termination-related lawsuits, in part because employees who leave voluntarily are less likely to contemplate legal challenges to their departures. In addition, such employees typically are required to sign a release of claims in exchange for participation in the plan. Voluntary plans also have less potential to damage employee morale and productivity.

But there are several potential pitfalls. The employer may have no control over the number of employees who will actually choose to participate. If not enough employees take the package, a subsequent layoff may be necessary.

Moreover, a voluntary program is a very blunt instrument for paring a company's workforce; good employees may choose to leave while poorly performing employees may choose to stay, realizing that they will have difficulty finding new employment.

In contrast, an involuntary program gives the employer complete control over the selection process, and if implemented correctly, can enable the employer to retain its best employees.

DEVELOP UNIFORM SELECTION CRITERIA

Perhaps the most critical factor in avoiding legal complications with a layoff is the development and application of a uniform approach for selecting employees for termination. Employers must choose among objective criteria (for example, seniority or comparative sales revenue), subjective criteria (for example, management ranking by performance) or some combination of both.

From the perspective of reducing the potential of discrimination claims, using objective methods is generally preferable to using subjective methods. However, such an approach may not be the ideal method for an employer seeking to retain the best employees going forward.

What is most important is that the employer utilizes a method for selection and then applies that method

Care should be taken to analyze whether the workforce reduction has a disproportionate effect on any one group of protected employees, such as racial minorities, women, older workers (age 40 or over) or the disabled.

fairly and consistently across its workforce. Employers should create and maintain documentation to support the decisions made in the layoff process. Such records will be critical in the event of litigation challenging some aspect of the decision-making process.

CONDUCT A LAYOFF ANALYSIS

Once an employer has compiled a list of positions (or employees) to eliminate, care should be taken to analyze whether the RIF has a disproportionate effect on any one group of protected employees, such as racial minorities, women, older workers (age 40 or over) or the disabled. An outside statistical consultant or legal counsel can assist in assessing susceptibility to a claim of discrimination based on adverse impact.

With respect to older workers, the stakes are higher in the wake of several recent Supreme Court decisions making clear that the "disparate impact" theory of liability is available in the context of age discrimination claims.

In Smith v. City of Jackson, a 2005 decision, the Court held that a plaintiff could bring an age discrimination claim based on a theory that, although there was no evidence that he was treated differently based on his age, the challenged employment action had a disproportionate impact on older workers.

While a layoff that has a disproportionate impact on older workers is not by definition illegal, employers must be able to show that such impact was the result of legitimate nondiscriminatory factors.

In Meacham v. Knolls Atomic Power Laboratory, a decision issued in 2008, the Court held that employers defending such disparate impact claims bear the burden of introducing evidence that a reasonable factor other than age was utilized in the challenged layoff determination. The Meacham case makes clear that while a layoff that has a disproportionate impact on older workers is not by definition illegal, employers must be able to show that such impact was the result of legitimate nondiscriminatory factors.

SEVERANCE AND ERISA

Typically, employers will provide some amount of severance, often based on a formula such as years of service, to employees who are

The Real Deal

Q: Let's say you have 13 employees, and due to budget cuts and reduced workload you have to "eliminate" two of them. What steps should be taken so the terminated employees can't cry foul later on?

The dealer should come up with a legitimate non-discriminatory approach to determining which two positions are to be eliminated. This could be a seniority-based approach or an assessment of which 11 positions are most needed going forward.

Generally, Michael Rosen recommends the latter, as it best enables you to meet your future challenges with a reduced headcount. If there are multiple people in a particular position, you will need to select the person most expendable based on an assessment of skills and performance. If the decision is going to be based on performance—i.e. you are keeping Jane instead of Joe because Jane is a better performer—make sure that relevant documentation (such as performance reviews) are consistent with the conclusion.

Finally, a lot of problems can be avoided simply by implementing the decision in a fair, humane way. If possible, offer severance. Tell the person in a place and at a time that minimizes the possibility of embarrassment or humiliation with respect to his or her co-workers. Offer to provide a reference, if you can.

Q: If terminations/layoffs are indeed necessary, what things can you do as the employer to salvage morale among the rest of your staff?

Fair and honest communication is the key to maintaining morale in difficult times. Keeping people in the dark or giving a disingenuous explanation (for example, telling people that the terminations were for poor performance when they really were for economic reasons) is counterproductive.

Tell the remaining workforce that the dealership, like many businesses across many industries, is facing significant economic challenges and has taken action to reduce its expenses that, while unfortunate, best positions the company to meet its challenges going forward.

laid off. Severance may or may not be conditioned upon the employees signing of a release of claims against the employer.

Employers should think about whether the provision of severance will be subject to an ERISA-governed severance plan. ERISA is the federal statute imposing reporting, disclosure and fiduciary requirements on employee benefit plans, including health insurance and some types of severance plans. It may be beneficial for an employer to create an ERISA plan which spells out the eligibility requirements for severance and process by which the plan will be administered.

ASKING FOR A RELEASE

Many employers are generally familiar with the provision of releases to employees in the context of individual terminations. But many employers are unaware of the specific, heightened requirements for obtaining a valid release from employees over the age of 40 in the context of a layoff. These heightened requirements are the result of the Older Workers Benefit Protection Act (OWBPA).

Among other requirements, in the context of a group termination program such as a layoff, employees over 40 must be provided with:

- Information about eligibility factors to participate, along with time limits of the program
- Job titles and ages of all employees eligible or selected for the program
- Ages of all employees in the same job classification or organizational unit not eligible or selected for the program

DON'T LOSE SIGHT OF TERMINATION BASICS

A layoff can be an administratively complicated event, causing some employers to lose sight of basic requirements that come into play in any termination situation.

These include ensuring that affected employees are paid all accrued salary and unused vacation time in the final paycheck (which in many states must be provided on the last day of employment); administering COBRA notices; reminding employees of the continued applicability of non-disclosure obligations and other restrictive covenants; ensuring that employees return all company property on a timely basis; and providing state unemployment rights notices to employees, as many states require.

Letting staff go is more than likely the unkindest cut you'll ever make. But sometimes it's necessary. Ensuring that all of these matters are addressed appropriately requires significant planning and organization. For your business' sake, however, you'll be happy you invested the time. ■

About the Author

Michael Rosen is a labor and employment partner with the law firm Foley Hoag LLP in Boston. Rosen represents employers in all aspects of workplace relationships, including litigation as well as strategic and day-to-day employment counsel. He can be reached at mrosen@foleyhoag.com.

Closing the Sale Like a Pro

We asked two past winners of the STIHL co-sponsored Dealers in Excellence Awards what the essential things are they discuss with customers when closing a sale. Here is what they had to say about getting to know the customer's wants and needs, and how having that information can help you close more sales and highlight additional services offered at the dealership.

Talking with the customer can give you an idea of their equipment needs and desires.

CLOSING THE SALE

MARVIN COWLEY
All Seasons Equipment in Eugene, OR
2003 Dealers in Excellence Award Winner

The first and most obvious thing we ask a customer is what they plan to use their equipment for. This is a good place to start so I know where to go with my follow-up questions.

Early in the conversation, I like to ask where else they have shopped and what products they have looked at. From there I ask what brought them to us. Most of the time, it's a friend who told them about their experience here.

Without really asking the question, I try to see where the customer stands financially and what they are thinking of spending. To find this out I look at what they drove in on. This doesn't necessarily tell me everything, but helps me to get an indication of whether they are buying for quality or if price is a big issue. I don't like directly asking about that.

I also like to find out who exactly will be using the equipment. We want to know if the wife or teenage kids are going to be running the equipment and try to connect them with something suitable size- and power-wise for the likely operators.

I try to get some idea of what they expect out of the machine as far as life. I usually do that by asking what machines they have operated before and what they are working with currently. That helps me understand what they expect—and I decide from there what I can offer.

The challenge is getting the customer from where they are to where they ought to be. Many times, they are shopping for too little of a machine, or their idea of how much to spend is too low or in some cases too high. I have people who come in and think that in order to get a STIHL they have to spend $500. They are surprised when I tell them I can get them a STIHL for $300 that will do everything they want it to.

We also have a sheet that we go through with them and let them take home. It introduces our store and the people we have working here as well as their experience levels. We outline all of that and the service we give. Very often, that is the customer's deciding factor. Many times, they narrow it down to the equipment or brand they want and then look at a couple different dealers. What I need to point out to them is that our service is different from other stores.

Through it all, I've learned that the direct questions in most cases don't really work well. They typically give you the answer they want to give. I find it's best to arrive at many of these things indirectly by spending time really talking to and getting to know the customer. ■

To learn more about selling "service after the sale", continue to page 30.

By Lisa Danes

Focus on GREEN

Adjusting dealership processes and inventory to be environmentally conscientious can save money and the environment.

First-class dealers are always looking for ways to improve their operations. Focusing on speedy service, profitable parts management or marketing to grow business are just a few ways dealers strive to improve.

For Dean Davis of Dogwood Fireplace & Lawn in Carbondale, IL, being environmentally friendly was always a focus. Knowing how to operate in such a manner was where the challenge laid.

A LITTLE HELP FROM THE EPA

In the early 1990s, Davis decided to take action and contacted the Illinois Environmental Protection Agency (EPA) for their assistance in the endeavor. Davis knew what he was potentially taking on by having the Illinois EPA visit and evaluate his dealership, but said the decision was fairly easy.

"We had always tried to be environmentally friendly, but like everyone else I was afraid of the EPA. This was before Google was available to research regulations," explains Davis. "Then I heard of the 'no fault, no fine' program at the Illinois EPA."

When contacted, the Illinois EPA will visit a business to be sure that all aspects of the operations are compliant. Once the business owner feels he has addressed every issue fully, the EPA is called back out to review operations once more. By proactively aiming to get compliant, businesses are given the benefit of a systems review without penalty.

"People in general live in fear of the EPA after hearing horror stories about horrendous fines, and would rather stay under the radar," says Davis. "Once I found out about 'no fault, no fine' it was easy to contact them. I could get in compliance and know how to stay in compliance without having to worry about it."

Not many things within the dealership needed correcting, with the focus being on waste disposal. "I had to contact a licensed waste hauler," explains Davis. "Before they haul off any waste they do an analysis of its contents." The more fluids in the mix the higher the price paid for hauling and disposal.

"It's really a question of how much you want to pay," says Davis. "It's expensive enough for just gasoline with a little bit of two-cycle mix. If they find other things the price per gallon really goes up." Davis also sells some electric-powered equipment and EPA-compliant wood burning and gas fireplaces. The dealership is lit by energy-efficient bulbs.

The corrections sited only took roughly two weeks to right and the EPA was asked back for a second visit. They gave Davis a certificate at the end of their return visit, certifying that he was in compliance. It is now displayed on the show floor for all to see.

SELLING GREEN

Aside from peace of mind, Davis also now had the opportunity to attract another market segment. "Some people are quite concerned about the environment while others couldn't care less," says Davis. "The ones who are concerned like to see what we are doing."

Maintaining his green operation has been beneficial for Davis because he is able to

market those efforts with signage and word of mouth. Customers appreciate the fact that not only is all of the power equipment sold at his dealership EPA-compliant, but he works hard to be certain customers are clear on how to operate it. People who are used to saws from years ago need to be educated on the proper use and maintenance of environmentally friendly machines.

"Educating the consumer has become a constant effort," explains Davis. "We have developed a handout sheet that we give to each customer when they pick up their equipment, educating them on what fuel to use, how to store it properly and other things that need to be taken into consideration."

Davis relates that customers appreciate the careful attention he and his employees pay to educating them on proper operation and maintenance. "If they actually read the materials and follow the guidelines, their machine will stay out of the shop longer," he explains further. "They appreciate that we are helping them extend the life of the machine, and are not just waiting for their repairs to come into our shop."

RECOVERING COSTS

Starting with the EPA visit, which is free of charges and fines, green operation is a cost-effective way for dealers to invest in their businesses. "There is a correlation between being green and being cheap," says Davis, who admits he is more likely to save than spend. The initial cost of the green measures leads to large savings in the end—it's an investment.

For some of the costs, like environmental fees, Davis charges his customers a disposal fee. "We charge customers for what we call an 'EPA Disposal Fee' for disposing of waste gas and oil," explains Davis. "We charge them according to the size of the equipment, helping us recover some of the associated costs." For customers that inquire about the fee, Davis and his staff use it as another opportunity to talk about what they are doing to remain environmentally responsible.

Take-Home Points

- The "No Fault, No Fine" rule makes it easy for businesses to learn how to become EPA-compliant with the help of their local EPA chapter.
- The EPA-compliance certificate and overall green operations are great marketing tools that can help dealers reach an emerging market segment.
- Operating green can help dealers save on operating costs. Additionally, an environmental fee paid by the customer can recover some of the costs associated with green operation.
- Employee compliance is encouraged by a safer working environment and accountability when following green procedures.
- Green operation is an effective way to improve the outdoor power equipment industry's reputation.

Most of the customers who are less concerned about the environment and more interested in out-of-pocket costs understand the charges when told about the cost of having the waste hauled off.

While the waste disposal system is a simple one for employees to understand, Davis will dock pay if waste is not disposed of properly. But as he explains it, this is not really an issue. "Mechanics and warehouse workers don't want to breathe those fumes so they are happy to comply when considering the health benefits," Davis assures.

Davis continues to support the environment with his practices and often consults Keep Carbondale Beautiful (Clean & Green), affiliate of Keep Illinois Beautiful and Keep America Beautiful. Now Davis is also able to keep up to speed on regulations by regularly visiting epa.gov and other websites specializing in environmental regulations.

He believes operating green is something all dealers should consider. "It gives you peace of mind knowing that you are doing the right thing for the environment," says Davis. "It will enhance our industry's reputation if more dealers go green." ■

"There's nothing faster than pulling the drawer out and grabbing the part you are looking for."

– Dealer Success Guide, Volume 3, Page 28

For dealers, the parts department often proves to be the most profitable. However, in the day-to-day business of running a dealership it may be difficult to keep parts organized. Mastering the parts department may prove to boost profits thanks to more efficient operations.

Andy Egelhoff of Egelhoff Lawnmower in Thiensville, WI, saw room for improvement in his parts storage methods and took action. "The number one reason we decided to work on our parts department was time savings," explains Egelhoff. "We were spending too much time moving parts from box to box or to another shelf every time a part number would change."

FIGURING OUT A SYSTEM

In search of a way to effectively manage his parts inventory, Egelhoff contacted one of his distributors at Midwest STIHL and looked at the bin system they used. Egelhoff returned to implement the same system in his dealership.

"It's organized using a combination of numbers, letters and numbers again for exact location," shares Egelhoff. "From there, we grouped parts by type and size for two reasons: only certain parts fit in certain bins or drawers, and if you are looking for a part without a bin location it helps to have the same type of parts in a similar location."

Egelhoff had already managed his stocking levels with a business management system (SofTek) since 1998, and plans to continue using the same system. "At this point, they have everything we need in a parts management system," says Egelhoff.

Moving parts inventory into the new cabinets and sorting system was challenging logistically, but Egelhoff did mention an upside to the time-consuming project. "Moving the current shelving and parts, all while keeping them available for sale until we had the bin numbers assigned and parts stored in cabinets, was definitely a challenge," Egelhoff tells. "But in moving parts from existing storage to new cabinets, we were forced to look at every part we stock and decide if we should return them or keep them."

Once it was all completed, Egelhoff ended up with fewer stocked items and was happy to turn the money wasted on dead inventory into faster-moving parts.

PARTS CLOSE AT HAND

Where you store the parts bins can be just as important as how you organize what's inside. The bins at Egelhoff's are located close to the service department, but are separated by walls and doors to help keep their contents clean. The main parts storage room has been in the same location for roughly 20 years. Approximately eight years ago, Egelhoff installed a storage system in the service area that houses some of the fastest-moving parts, like filters and spark plugs, close to the mechanics' workstations. Storing parts near those who need them has its benefits, saving time and motion.

"The fewer steps everyone takes the better," explains Egelhoff. "We have the storage cabinets about halfway between the front counter and the service shop, with plans to keep the top 100 over-the-counter parts

A place for everything and everything in its place

Andy Egelhoff purchased his parts cabinets from Stanley Vidmar. The company sent a sales engineer to design the cabinets and drawers based on the type and quantity of parts stocked at the dealership. The drawer layout can be altered whenever necessary by simply moving the dividers. The drawers and shelves are labeled using a series of letters and numbers.

Each vertical column, consisting of one upper shelf (mainly used for back stock and large items), two middle shelves and a series of drawers, is assigned a number. The first vertical column is assigned the number one. Each shelf and drawer within that column is then assigned a letter beginning with the top shelf.

The top shelf is assigned the letter A, the second shelf B, and the third shelf C. From there, the first drawer in the lower cabinet is assigned the letter D, and that lettering continues until the last drawer in that column. Then the system starts over again for the next column to the right.

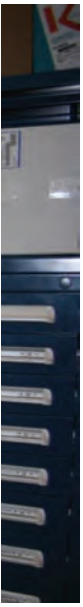
Within each drawer, there are also a number of rows, which varies depending on the amount of dividers in the drawer. The rows within the drawer become part of the location code. For example:

1D1 = First column, drawer D, row one inside that drawer
2B = Second column, shelf B
3A = Third column, top shelf
4G3 = Fourth column, drawer G, row three inside the drawer

The rows within the drawers are also divided with spacers. "We don't define this space," says Egelhoff. "We feel that knowing the drawer and row will bring us close enough to find the correct part." Egelhoff initially attempted to label each section within a drawer row but decided it would become too constricting. With each section labeled it would be difficult to use the same space for a different part later that may not fit. "By not defining these spaces, we can put whatever we want in these rows by adding or subtracting dividers," explains Egelhoff.

Egelhoff uses his business management system to generate reports on parts locations. "We can generate this report anytime to see what belongs in each drawer and row," says Egelhoff. "This system is very helpful when doing our year-end inventory."

In overhauling the parts storage, the clean organization eventually freed up some additional storage space. Egelhoff was able to fit eight full-size bins into four overhead storage cabinets. "We are still finding uses for the additional space gained," says Egelhoff. ■



directly behind the sales and service counter for easier access."

The location and organization of the parts has helped to increase efficiencies at Egelhoff's greatly. "Everything is moving quicker," says Egelhoff. "Parts are organized and clean, it's easier to process daily stock orders, and finding a bin location is more efficient than looking for a numerical spot."

QUALITY OVERCOMES CRITICS

Though the system changeover resulted in smoother operations, it wasn't immediately welcomed by all. "By moving the parts to cabinets it took away the comfort factor of knowing where the parts are by seeing them on shelves," says Egelhoff. "On the other hand, taking the time to look up the part number and bin location gives you the most current information when part numbers change and parts are moved." Egelhoff assures that after 12 months of using the new bin numbers and cabinets, everyone on the team is satisfied with the system.

The parts organization system has led to many improvements in operations, and Egelhoff believes that is exactly what a business investment is supposed to do. "I believe the investment in our parts storage and retrieval systems will end up being just as important as when we computerized our business in 1989," says Egelhoff. "Besides the timesavings and minimizing lost sales, this addition gives our parts department a more professional look." ■

Continued from page 25, discussing what to ask when closing a sale.

OFFERING SERVICES AFTER THE SALE

STEVE BRADY
Brady's Power Equipment
in Stormville, NY
2008 Dealers in Excellence Award Winner

After a customer has decided on a piece of equipment, we like to close the sale by asking about all of their service and financing needs. We use this opportunity to build the service relationship so they are returning to the dealership for all of their future equipment and service needs.

Once we have agreed on a piece of equipment that is right for them and their needs, we talk about price and financing options. We ask the customer if they are interested in making payments with a 12-months interest-free plan.

The 12 months interest-free financing is good to use for people who don't want to be cash poor, helping them see the purchase as more of a possibility. They can spread out the cost over time. We have several financing options available. After talking to the customer about their needs, we can usually find one that works well for them. It helps us, because not only are we getting that sale, but also if they hand you a credit card you lose 1.5% average on the sale instead of 0.5% when using a financing company.

We also like to approach the customer for an extended warranty on their equipment purchase. The extended warranty allows us to make some additional money on the sale and protects the customer's investment. So it looks like we are taking care of their needs, but we're also boosting our profits at the same time.

One thing that usually helps us close the sale effectively is offering equipment delivery. We offer to deliver it the day of the sale to keep them from turning back on their decision to purchase. The sale could be an impulse buy and we want to get them while they are in the store. If you send them home and don't deliver, you could lose the sale.

When talking about the equipment delivery, we like to inform them that the mower will be out of the box and ready to mow when we arrive. We also offer to do a demo with delivery. We want to do something different then the box stores. Running a mower is a good live demo and we can show the customer all he needs to know about the mower. It also helps us avoid the phone calls about every little thing that happens or features they can't figure out. We know the customer doesn't always read the owner's manual so we try to help them through it as best we can.

Once all is said and done, we like to let the customer know that there will be no warranty or registration paperwork for them to do. We register the mower for them right away. The customer typically takes his paperwork and loses it, planning to register later. When the mower is several years old and breaks they will have no paperwork. If a customer who made a purchase at a big box store comes in for warranty work with no paperwork, I go by the serial number. If the mower is out of warranty there is nothing I can do.

Throughout the closing process, we try to really let the customer know all the added services they are getting by choosing us over the big box store. We want to make their equipment purchase a pleasant experience so they return the next time they are thinking of making a purchase. ■

Josh and Jeremy Ahearn
Ahearn Equipment, Spencer, Mass.

"Our parents gave us a 30-year head start on a great future."

Josh and Jeremy Ahearn literally grew up in their parents' outdoor power equipment dealership. Today, the sons are poised to take over the booming business. "Bringing the boys in re-energized all of us," says dad, Tim. "Our parents believed in the business, and so do we," adds Josh. And business has never been better, especially since their decision to go STIHL Elite. "Consumers want premium brands you can't get at the box stores," Jeremy says. "STIHL Elite gives us that advantage, improves our margins, and lets us compete right alongside the big boys."

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Jerry Clay, Owner
Clay's Power Equipment, Raleigh, NC

"I learned about great service from two of the best: my parents and STIHL."

"I grew up in this store and I watched my parents make customers for life through great service. It's the biggest thing we offer that big box stores can't. And in tough economic times like these, loyal customers can get you through. Truth is, I'm a customer for life, too – of STIHL.

We've been with STIHL since 1992 and business has exploded. My customers love STIHL products, and I love their support of independent servicing dealers."

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