

A CYGNUS PUBLICATION

# YARD & GARDEN

THE POWER EQUIPMENT DEALER'S SOURCE FOR MANAGEMENT, MARKETING, AND MERCHANDISING

## ▣ Dealer Survival Guide ▣ volume 4

A supplement to Yard & Garden magazine

Business Planning,  
Budgeting and Profit Opportunities

DEALERS IN ACTION

▣ Brought to you exclusively by

**STIHL®**

## The Road Not Taken

Undoubtedly, one of the most well known poems written by Robert Frost is, "The Road Not Taken." The fundamental message of not following the crowd and choosing a less popular but meaningful path is quite appropriate given today's outdoor power equipment environment. Increasingly, equipment manufacturers and servicing dealers must make serious near-term choices about which path they will choose to reach their long-term goals.

In recent times, it has become painfully obvious where the vast majority of equipment manufacturers stand with regard to servicing dealers. Brands that historically could be found only at servicing dealers are now liberally scattered on the shelves of mass merchants and home centers alike. Some brands that have tried to go "both ways" simply don't exist anymore. Others are currently travelling down that same forked distribution path.

The above scenario raises fundamental questions for servicing dealers as you look to the future of your business:

- 1 How can you maintain your competitive advantage if customers can find the same brand names you offer, at a lower price, at the home centers? These may be brands which you helped to legitimize and establish in the first place!
- 2 How do you leverage the service point-of-difference when Lowe's and Home Depot begin offering service in 2002?
- 3 Which equipment manufacturers offer you long-term brand name recognition and local distributor service you can depend on?
- 4 Which equipment manufacturers are genuinely interested in helping you develop your competitive advantage and profitability?

How you answer those questions will determine which path you follow in the months and years to come in this industry.

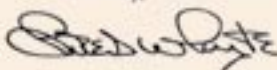
At STIHL, we have made a conscious decision to take the road less traveled. Our strategy calls for no retail distribution via mass merchants, home centers, e-commerce or catalogs. While this approach may not be what's currently in vogue among the majority of equipment manufacturers, we're pleased to stay on the path that has proven to be extremely successful for STIHL and servicing STIHL dealers.

As always at STIHL, several new state-of-the-art products will be introduced in 2002, including those employing the new, patented, STIHL® 4-MIX™ engine system for emissions control. This revolutionary system debuts with the FS 110 grass trimmer for the California market in the Spring, followed by a nationwide introduction later this year.

STIHL believes in dealer growth and prosperity; we see it every day. That's why we continue to invest in tools such as this Dealer Survival Guide from Cygnus Publishing. We want to arm you with the products, business tools, insights and information you need for future retail success.

Do you see other equipment manufacturers making these exclusive investments in your business? Perhaps not. That's because they're travelling down a different road to a new destination. Let them go. We're quite satisfied with our choice: the servicing dealer.

Sincerely,



Fred J. Whyte  
President  
STIHL Incorporated



**STIHL®**

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### Noël Brown, editor in chief

Welcome to the next round of *Survival Guide*, a continuing series to help dealers thrive in this tur-



bulent economic climate. This issue is a collection of some of our best dealer profiles. Why? Because our readers tell us time and again that the one story they get the most value out of in each issue of *Yard & Garden* is the dealer “power profile.” We all learn best through real-life examples

from our peers. Here is an entire issue full of those real-world examples, with a focus on business planning, budgeting and profit opportunities.

You’ll see a couple new features in this issue of the *Survival Guide*. Since photos are very important in getting an accurate “snapshot” of the businesses in our power profiles, this issue includes photography with each story. Also, to help you zero-in on the most important business points in each story, we’ve added a “Survival Tactics” box that offers at-a-glance bullet points highlighting the areas of focus for each story.

It is thanks to the *Survival Guide’s* exclusive sponsor Stihl Inc. that we can bring you yet another valuable resource to navigate your business. We hope this issue will serve you well. Stay tuned for future issues covering other important topics for your business.



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# Turning Good Ideas Into Solid Profits

*A Beaumont, Texas, dealer finds gold in the brainstormings of aggressive employees.*

By Noël Brown

**J**ason Collins of Oil City Tractor in Beaumont, Texas, is living proof that great ideas can come from all levels of the dealership.

Oil City started in the 1940s as an ag dealership, taking on outdoor power equipment in the 1970s as a way to better serve the community. Rusty Leger, owner of Oil City, has a host of strong employees, including young Collins, who started with the business not quite four years ago.

## Survival Tactics — In Practice

- Extensive research precedes the opening of a second locaton dedicated to equipment sales
- Keeping employees well-informed on the health of the business, and inviting new ideas that often lead to money-making opportunities

### Profiting from employee ideas

It was Collins who felt Oil City could profit by offering its outdoor power equipment lines at a satellite store in a prime area of the city. Opening another store is a big investment, and Leger says it took several months of research and working the numbers before they decided to take the leap. "We looked at all the expenses — the utilities, the setup costs, the rent. We determined we need to make 'X volume' to make it work. It seemed feasible."

Leger is not afraid to invest in improving his business. "I've always known you've got to spend money to make money. I just think you have to make careful, educated choices."

Collins did quite a bit of research about the proposed area and the potential for sales. He looked into available real estate and got traffic counts for the location he was pursuing. "That's what sold me," says Leger. "More than 28,000 cars a day pass the proposed location, while only 2,200 pass the main store."

The team at Oil City decided to open a sales-only store in the new location. All parts and service would be performed at the main store. Collins would be manager of the new store.



Jason Collins (right)

The second store opened in January. Though the building they chose would need some renovations (it used to be a building full of offices), to get the store off the ground, they knocked out three of the offices to create showroom space, with plans to expand later. "Before we did too much renovation, we wanted to make sure this concept would work," says Collins. "This is really an experiment."

And a successful experiment it was. During the big grand opening earlier this year, the second store made \$100,000 in sales. "It has really exceeded my expectations," says Leger.

Even with the drought that hit Texas and slowed sales this summer, Oil City is showing a 50% increase in power equipment sales over last year, a testament to the new store.

Now that the folks at Oil City are sure the second store is a success, they've planned November renovations that will give them three times the showroom space.

### Selling the sizzle

The showroom is clean and well-stocked, though it still needs a few improvements. You can tell, though, that Collins puts quite a bit of effort into making it as nice as he possibly can for customers. "It's clean and well-lit. We keep potpourri in here so it doesn't smell

*Like money in the bank*

Every once in a while, someone comes up with an idea that sounds a little far-fetched, but ends up being pure genius.

Take Jason Collins. He walked into a bank one day and saw a car on display. The light bulb went on. What if there were displays of outdoor power equipment?

This spring, Collins began calling around to local banks and credit unions. He pointed out to these financial institutions that such a display would probably mean more loans for them, too. He ended up getting more than 15 locations to agree, and he set up a nice display in each. He used white fencing around green astroturf, and set up a combination of riding mowers and handheld equipment, along with business cards and a nice sign directing potential customers to Oil City Tractor.

"It worked out better than I could have hoped," says Collins. "I had customers walking into the store with checks from the bank. They'd say, 'I got a loan for a riding mower. I want one just like the one in the

bank.' I didn't have to sell them on a particular unit, and I didn't have to worry about approvals for financing. It was a great success."

Collins has expanded the idea, swapping out product and putting ATVs in the displays for winter. "Now I have banks calling me wanting to do this next year," says Collins.

*Selling in Wal-Mart??*

One of the banks Collins deals with has a branch in the Wal-Mart. Not only did the bank want an Oil City Tractor display in front of the branch, which opens out into the selling floor of the Wal-Mart, they ended up putting a second display smack in the middle of the sporting goods department.

What does Wal-Mart have to say about that? "Oh, they wanted the display there," says Oil City owner Rusty Leger. "They made a display with one of our ATVs and all of their hunting accessories. It's been good for them, because it inspires customers to buy their hunting clothes and accessories while they're there."

***"I've always known you've got to spend money to make money. I just think you have to make careful, educated choices."***

like oil," says Collins.

In fact, Collins and his team do quite a bit to create excitement. He takes full advantage of the second store's prime location by recreating daily a showroom of sorts in the parking lot. Every one of the many cars that pass have full view of Oil City's lines of tractors and ATVs. Most of the product demonstrations and selling are done out in front of the store, which is another attention-getter.

Collins knows the importance of marketing the dealership. He even brought his own computer and scanner into the new store, so he could scan photos and send out promotions to his customers.

Leger recently invested in a new computer system that salesmen could use in the main store, and marketing materials are also created there. "We make our ads on the computer now," says Leger.

Pushing the dealership further into the age of tech-

nology, Collins uses e-mail addresses, particularly for commercial customers, to send promotions. "I'm also proposing we put together a Web page, so we can be even more accessible to customers," says Collins.

Always thinking up new ways to bring in business, Collins had a brainstorm after seeing a car on display at a bank. He lined up many of the local banks and credit unions to do the same with outdoor power equipment (See "Like money in the bank," on this page).

"I'm fortunate to have a person like Jason," says Leger. "He's always thinking. It's great."

"If you have an idea, you should always bring it up," says Collins. "The worst that can happen is they'll say no."

*Loyalty: from customers and employees*

Oil City is a healthy business, reflected through both loyal customers and loyal employees. Not only have customers been returning to Oil City for decades, but they've been greeted by some of the same employees for that long as well. One of Leger's salesmen just retired after 35 years with the business. A long-time parts person has been with the company for 28 years. Even Leger himself started as a parts man with the company 40+ years ago.

In this era where employees are constantly moving,

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what works for this enterprising dealer? For one, he offers competitive salaries and health benefits. And employees profit through bonuses when the company does well.

There are also opportunities for advancement at Oil City. "It's not a certificate that impresses me," says Leger. "I look for attitude and enthusiasm. We have a lot more luck just finding people with these two things and then training them in our business. I keep an eye on them, and move up the go-getters."

He knows what it means to be promoted. Leger spent 20 years moving up through the dealership before buying it 20 years ago.

Leger is also generous with information. He keeps employees informed about how the company is doing and has an annual meeting to discuss company performance and goals.

Most of all, though, Leger "is very willing and open to accept employee ideas," says Collins.

"I've never been a person who was closed-minded," says Leger. "I tell them, 'I'm all for anything as long as it makes money.' Employees feel comfortable coming to me with new ideas. I've got top-notch employees."

### Great people give great service

Customers keep coming back too, and it's not because they find the lowest price at Oil City. What they do find is outstanding service and a number of value-added extras that make a premium price well worth the investment.

An extensive parts inventory and premium service complement free loaners if the equipment can't be serviced within a couple of hours.

Product comparisons are part of the sales presentation. "I have a folder of competitive brochures. I help customers compare features to find the right product for their needs."

Specifically with commercial customers, Oil City has found success with its additional offerings. Another popular feature at Oil City is the end-user service schools teaching features, proper use, maintenance and repair. "We serve lunch and spend the day with customers," says Collins. He cruises around on the Internet and collects other information of value to commercial customers, then presents them at the school. "I get information



*Collins (left) creates a showroom of sorts in the parking lot to take advantage of the estimated 28,000 cars that pass every day.*

on recruiting employees, immigration laws, and other topics that commercial customers need help with. They really appreciate that."

The result? "Some dealers talk about commercial customers only going for price, but we don't see that," says Collins. "Our selling price may be \$8,199, and someone else is offering it for \$7,799, but we'll get them because of our program."

### The future looks bright

When you ask Leger what the future holds for his dealership, he is very bullish. "I'm very optimistic about the future, because I know we are doing a lot right," says Leger. "We don't just fall in line and wait for customers to come to us. We pursue them with mailouts and cold calls and extra services.

"We just have to keep telling them one thing: 'We're not your cheapest buy, but we are definitely your best buy.' Then we have to prove it." **YG**

*Originally printed in Yard & Garden November/December 1998 issue.*

# Taking the Big Gamble — and Winning

*A dealer shows it takes more than luck to make it in Las Vegas.*

By Noël Brown

In Las Vegas, it's all about playing the odds. When Rhine Preas opened Rhino's Turf 15 years ago, he knew the risks ... going into business is always a gamble. But Preas saw opportunity in this growing city, and it paid off.

Lady Luck really didn't have a whole lot to do with it. The folks at Rhino's Turf have made some smart, calculated business decisions that parlayed into three Las Vegas locations — two in brand new buildings.

"The community is growing every day," says Tom Sandusky, store manager for Rhino's Turf. "There are so many jobs here, between the casinos and the other companies moving into town. We've seen significant growth."

Sandusky says many homes have small lots, but the owners hire lawn maintenance companies rather than do the work themselves. Because of that, there is a very large landscape contractor business.

That fact reflects in Rhino's customer mix, where 70% of the customer base is professional — though Rhino's has plans to target the homeowner market more.

## Survival Tactics — In Practice

- Five-year goals regarding growth and market expansion steer company in the right direction
- Systems put in place to streamline operations, enhancing efficiency and profitability

### Betting on a good plan

In fact, there are many plans in the works. From the beginning, Preas has set goals as far as five years out for the business. "We looked at a map and decided we wanted to be in all four corners of the city," says Sandusky. Upon careful investigation of each market, the Rhino's Turf team decided that three of those corners had sales potential, and eventually got stores in all three areas. The fourth did not show the same potential, so they decided not to invest there.

Part of the plan also had to do with building equity in the business. The dealership started in a rented, 1,000-square-foot building. A second store also sat in a leased space. "Renting is a good way to get your foot in the door," says Sandusky. But they had a plan to eventually



own the buildings that house their stores.

Preas and his team decided the third location was the best opportunity to build a store of their own. "We accomplished that through an SBA loan," says Preas. "We put down 10%, the SBA provided 40% and the bank the remaining 50%." The building, designed for growth, includes warehouse and office space to be used by all three locations.

That was supposed to be the extent of Rhino's investment in buildings for the time being. Then another opportunity came along. "While we were still building the third location, the developers gave me a deal I couldn't refuse," says Preas. On the other side of town,

***"In some ways, lawn mower shops are a dying breed. But there is great opportunity for dealers who invest in their businesses and take the right approach to the market."***

there was activity with the original store. Though the first location was expanded several years ago, they'd maxed out the space, and it was obvious they couldn't stay there forever. The developers devised a plan for a new building not far from the original location.

Preas decided to lease this building with the option to buy. Owning one building and having options on the other is new territory — but Preas is not intimidated. "It's an exciting time to be in this business," says Preas.

"In some ways, lawn mower shops are a dying breed. But

*continued on page 8*



*A clean, efficient layout is a key to success in each of the Rhino's Turf stores.*

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there is great opportunity for dealers who invest in their businesses and take the right approach to the market."

### Hit the jackpot with a winning team

Of course, having three locations means Preas cannot be everywhere all the time. So he looked for managers he could trust to run each location like he would. Sandusky, who has been with Preas for 10 years, runs the newest, third location. John Downey runs the location that will soon move into the new leased building, and husband-and-wife team Sandy and Wayne Ritayik run the other. "We look for the same qualities that are important in any employee: honesty, hard-working, smart, not afraid of responsibility," says Preas. "We try to give our managers as much of a free-hand as possible to make their own decisions. Whether they are right or wrong, just make it. We encourage independence in our people."

Rhino's offers competitive wages and has begun offering health benefits. Beyond internal training, employees go to all supplier training seminars as well.

In all his stores, Preas promotes a self-improvement environment. "I encourage my employees to want more, learn more, earn more."

### A good system is in the cards

Though the three stores are independently managed, Preas is putting systems in place to run Rhino's as one efficient business. The computers for all locations are being networked, so an employee at any location can look up inventory, parts and prices. One of the new buildings will serve as the central warehouse for all stores. A parts warehouse is being developed. A controller was hired to handle all receivables and make central purchases with all vendors, allowing Rhino's to take advantage of volume discounts. One person processes all warranties, making warranty service more profitable. Even the telephones will all ring at one receptionist, who will dispatch calls according to location and need.

"We need central control and central pricing, and all have the same goals," says Preas. "By becoming more



organized and efficient, we will help the everyday running of the business. By hiring people to run one office, we take the administrative jobs away from the managers. That allows them to help more, sell more and concentrate on the profitability of each shop."

Again, strategic planning comes into play. "Once our systems are in place, we can open a store anywhere,"

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***Though the three stores are independently managed, Preas is putting systems in place to run Rhino's as one efficient business.***

says Sandusky. "We've already got the technology, the systems, the financial partners, even the vendors. Adding another store, even in another state, would be easy."

But Preas isn't jumping too fast. "We've had some big investments this year. We'll take a year or so to get organized, get our systems in place. Then we'll look for other opportunities."

#### Customers will put money on Rhino's

Rhino's Turf offers a solid formula to customers. "It's not really anything unique," says Preas. "We offer honest service, a good selection, a fair price. Our customers know what to expect."

Rhino's attitude is reflected in clean, well-stocked showrooms. The two new buildings include merchandising techniques that give customers a pleasant shopping experience. Sandusky was, at one point, a manager for a department store. The merchandising training he had is obvious in the new stores' designs.

The walls are covered in color-coordinated slat walls. "We chose a dark green because every product we offer looks good on that background color." The counters are designed and built by Sandusky and his team with a special multi-level, wrap-around design.

A wide selection of brands and models are offered.

"We are able to compete with the mass merchants," says Sandusky. "Customers know they can come here and find a better selection than they could there."

Competition doesn't scare the team at Rhino's Turf. Sandusky makes a point that they will service virtually any brand. "We work with the competition," says Sandusky. "Let them sell it. We make money from service and parts. And, to be honest, it actually helps my brands out."

Rhino's keeps a high profile with customers through a year-long marketing program that includes radio, television, direct mail and special events. "We are making it easier for customers to find us," says Preas. "Some dealers wait for customers. But we go out and find them."

**YG**

*Originally printed in Yard & Garden June 1998 issue.*

# Building Sales Through Service

*Orlando dealer buys the dealership where he got his start, and positions the business for future growth.*

By Noël Brown

In 1980, a young Richard Taylor worked for Kershaw's Mower & Equipment in Longwood, Florida. After four years, he tired of the power equipment field and went into another industry ... but he never forgot about Kershaw's.

Eventually, Taylor came back to the power equipment field, working at Orlando Trail Saw. He was good at what he did, but he wanted to own a dealership of his own. Eventually, he had an opportunity to buy the dealership where he got his start.

By the early 1990s, Kershaw's was a shadow of its former glory. Times had changed, customers had changed, and sales were half what they were when Taylor was first there. Still, Taylor had ideas. He had goals. He decided to buy the dealership and nurse it back to health.

"It's been a long road," says Taylor, speaking of his quest to get the business back on its feet. "This is my

## Survival Tactics — In Practice

- Evaluating the health of the business leads to taking a new direction: targeting different customers and focusing on service

seventh year owning the business, and I'm just now starting to feel confident that we are a stable and growing business."

### Serving a changing market

The first thing Taylor recognized was that the customer bases were changing since his first tour of duty at Kershaw's, and his services had to change with them. "The residential market was our main source of sales in the early 1980s," says Taylor. "Back then, we sold 500 homeowner walk-behinds a year. But now, the emphasis has changed. We only sold 50 walk-behinds last year."

Taylor added that, frankly, that is OK with him, because the margins are pretty low on that category of equipment, anyway. He's found other areas of the business



that bring in more dollars and are growing the business.

### Driving sales through service

Taylor knew that, more than any other part of his business, his service department was key to his success. After all, service is the main distinction that dealers can boast over any competitors in the sales arena. And the two "new" customer segments he would go after required a top-notch service department: the commercial customer and the mass merchant customer.

In fact, when you ask Taylor what his goal is for the future, he says, "to use service to earn customers and feed our sales."

Where most dealers may give the opposite answer — to increase sales and create more business for the service department, this dealer has a different take on it. Taylor says, "Once customers respect and value the service department, they don't beat us up on prices. They realize our value and are willing to pay our price."

### Making the big boxes work for you

The team at Kershaw's sees several benefits to having a relationship with mass merchants. One is the fact that the Home Depots end up doing much of Kershaw's advertising for them. "The Home Depots get about 10,000 customers every weekend," says Taylor. "They refer customers to us, even hand out our business cards. They end up funneling a lot of customers to us."

The customers that come to Kershaw's from the big boxes are a prime example of Taylor's quest to build sales through the service department, since that is where they often start.

"We get a lot of customers coming in for service on their mass merchant equipment. They get the same high-quality service and attention we give our own customers, so they get a feel, not only for our service qualifications, but for our expert knowledge on product. We hope to convert many of them to become our customers the next time they need equipment."

A steady flow of business also comes from repairing mass merchant returned equipment. "We pick up the equipment every week," says Taylor. "It's nice because we aren't under the gun as much, since no customer is waiting for the equipment — but we still get paid."

### Targeting commercial customers

Taylor found another way to get full margins on equipment. He offers a special package for commercial start-up companies — or companies looking to expand by adding another crew. It's a convenient, one-shot deal: a trailer fully stocked with new equipment.

Taylor offers three sizes of trailers and will customize the equipment according to the contractor's needs. The trailer comes equipped with handheld equipment racks, a mid-size mower, blowers, trimmers, hedge trimmers and a chain saw. Taylor sells the whole package for one price and finances it as one unit. "By doing that, these smaller companies get exactly what they need, and I get my margins," says Taylor.

This same brainstorm addressed another concern of Taylor's as well. "We try to attract the smaller contractors vs. the large ones," says Taylor. "Smaller contractors depend on dealers for service much more than the bigger guys. The big ones have their own technicians and are just looking for the lowest wholegoods price.

"The smaller contractors need us for service, parts and wholegoods, and they are loyal to the dealers who can best service them."

Some dealers say small contractors go out of business too easily and are notoriously bad payers. Does Taylor find that? "There are a few out there like that, but I find for the most part, they do pay their bills, and the relationships we can build with the good ones

### *Knowledge is power*

Taylor is a firm believer in continuous learning. "I never had business training," says Taylor. "Some of it is instinct, but I need help with the basics of business."

In his office there are several neat stacks of dog-eared trade magazines. "I read these from cover to cover, so I can see what other dealers are doing and I can learn about the areas of business I fall short on."

He and his team also attend schools and training offered by his suppliers, but he says there isn't enough on topics like sales technique, business management or customer service. "Where are we supposed to learn, for instance, how to deal with difficult people?" asks Taylor. "In order to best serve our customers, we need training like that."

One of Taylor's solutions comes in the form of independent business seminars. One example is a company called CareerTrack, a Colorado-based company that holds one-day seminars in 500 cities around the country and Europe every year. Here are a few of the topics they cover:

- Conflict resolution and confrontation skills
- Criticism and discipline skills for managers
- Getting it all done (also topics on time management and organization skills)
- How to lead a team
- Management skills

There are also many audio and video tapes available on these and other topics, so businesses can hold their own seminars.

Taylor chooses the seminars and takes one employee at a time. "It's an investment, because I'm paying for the seminar and paying the employee for the day of work," says Taylor. "But it's worth it. My employees get better and better in both professional and personal development."

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make it worth the risk.”

### Serving a niche in the community

By paying attention to the changing needs of the community, Taylor saw a customer base not being served, and jumped at the chance.

Arborists have some special needs, not just with their power equipment, but with the accessories they use as well. Kershaw's keeps stock of the safety apparel and accessories needed for this special group, in addition to the array of power equipment they need.

There are certain economies to be had as well, since the arborists share many of the same needs as the commercial contractor. The separate service desk, and Kershaw's sensitivity to their sense of urgency regarding repairs, are bonuses to people who use the equipment to make a living.

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***“Once customers respect and value the service department, they don't beat us up on prices. They realize our value and are willing to pay our price.”***

Trying to rebuild a bit of the declining homeowner business, and looking to diversify by supplementing equipment sales, Taylor also sells go-karts and scooters. These product lines keep sales going through Christmas. The product lines also keep kids interested while their parents are shopping in other parts of the store.

### Assembling the right team

Regardless of the smart business decisions Taylor has made, when asked what makes his business a success, he quickly credits his team of employees. “They hold the key to how well I do,” says Taylor. “It's far from just me.”

Remembering what it was like to be at the other end of the paycheck in a dealership, Taylor does what he can to keep his team happy. “We pay 15% to 20% higher than the industry average,” says Taylor. “And we make sure




Richard Taylor

they have paid vacations and holidays.”

Taylor also believes in incentive programs. Going back to the idea of service driving sales, he has his mechanics on an incentive plan as well. “Not only does it improve the efficiency of the shop, but the mechanics always have something to look forward to, so they work harder.”

Taylor is a strong believer in continuous training in all areas, making his employees and himself more valuable to customers and to the business (See “Knowledge is power” on page 11).

### An optimistic view of the future

When talking about the future, Taylor is very optimistic. “I think we are doing many of the things we will need to do to keep growing,” says Taylor. “I think we serve an important need in our area, and we do it well. We'll just keep learning and getting better. That will keep us successful.” 

Originally printed in *Yard & Garden* November/December 1998 issue.

# Living the American Dream

*Just \$5,000 — mixed with ambition and a lot of hard work — parlayed into a \$3.5 million dealership in just seven years.*

By Noël Brown

**S**ome would call Mike Carver a perfectionist. Often, in the early morning hours, Carver can be found in the parking lot, passing to and fro with a walk-behind blower, clearing any loose debris and picking up cigarette butts.

Not that the lot is ever particularly dirty. “My employees think I’m crazy,” says Carver. “I just like a clean parking lot.” In fact, Carver’s quest for professionalism leaves no small detail unattended. In his mind, an unkempt parking lot makes a bad impression on customers.

Carver’s penchant for cleanliness doesn’t stop there. The building and landscaped grounds of Carver’s Westside Power Equipment in Springfield, Illinois, are equally well-groomed. The showroom is spotless, and the shop is organized and virtually clutter-free.

Of course, since Carver moved his dealership into a spacious 18,500-square-foot facility laid out on 4 acres of land, some would say it is easy to be so meticulous with so much room to spread out. But history tells us Carver was always this way.

## Survival Tactics — In Practice

- Assess market needs, then tailor your product/service offering to satisfy them
- Add product lines to stabilize sales all year long

### Not rags to riches, but close

Seven years ago, Carver was a mechanic for another dealership in Springfield. The time had come for he and his wife to venture out and accomplish his dream: to run a dealership he could call his own by the time he was 30.

It was, in fact, a story about a dealer in *Yard & Garden* magazine that gave Kim Carver the courage to pursue her husband’s dream. “I read a story about a dealer who overcame some big obstacles to become a success,” says Kim Carver. “I said to Mike, ‘that could be us.’” With their life savings — a modest \$5,000 — and an also modest \$10,000 line of credit, the Carvers opened



their own small dealership on the other side of town.

Though intimidated when longtime Springfield dealers told him he wouldn’t make it and laughed at his ambitious attempts at local home shows to develop clientele, Carver knew he already had many of the basic principles necessary to make his business a success.

With the firm belief that, “You can be professional no matter what size you are,” the Carvers kept their 60-by-40-foot dealership spotless, with attractive displays and a clean, though small, service area. Even before there was enough business to support employees, Carver wore a uniform.

More importantly, they worked hard and gave consistent, unparalleled customer respect and service, slowly building the reputation they have among customers today. “We stayed open late. We showed customers we were there for them,” says Mike Carver. “We rose above other dealers through commitment to the customer.”

Carver credits certain events in the course of those seven years that spurred growth. For instance, one big push came when his brother, Charlie, came on board as sales manager, bringing 10 years of experience selling Bobcat skid steer loaders. Soon after that, the Carvers landed the highly sought after Bobcat line. Business more than doubled, thanks in part to aggressive Bobcat sales (See “Kickstarting off-season sales,” page 14). Charlie became a partner in the business.

Mike Carver hasn’t looked back. Seven years later, he manages 20 employees in a new facility and sales keep growing. He topped \$3.5 million in 1997, and set a

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goal of \$5 million for 1998.

Carver has directed steady growth through a formula of professionalism, ambition and service. Yet, he is quick to point out the areas he would like to improve. "I don't have a business degree. I started this dealership because I was a good mechanic," says Mike Carver. "I took one business course when I started the company. But I'm the first to admit I need help making the right management decisions. That course only took us so far." The Carvers look to trade and business magazines and outside consultants for advice in the areas they don't feel sure about. Mostly, though, they rely on past experience and instinct.

Kim Carver admits, "Growth is scary. Until we started this business, we weren't really in debt. Now we have to make strategic investments to keep growing. It's a real learning process."

***"We stayed open late. We showed customers we were there for them. We rose above other dealers through commitment to the customer."***

### The dream dealership

The Carvers are sure one of their smartest investments to date is the facility they purchased a year ago. Previously a landscape nursery, the layout is ideal for a dealership setup. The grounds, already beautifully landscaped in front of the building, provide the right environment for outdoor power equipment purchases. Around back, a large fenced-in field allows plenty of room for equipment demo and trade-in storage.

The building is divided into three sections. By walking in the main door at the center of the building, customers are greeted by a well-lit, well-stocked, attractively displayed showroom. A cobblestone walkway leads floor traffic around the store, giving customers a full look at all product. As if a professional decorator came in, all displays and product seem as well-coordinated and com-

### *Kickstarting off-season sales*

It's a familiar power equipment dealer scenario: Sales cook for about six months of the year, then dust settles over the cash register during the winter season. What can you do to alleviate the big hit to the budget when the snow flies?

Carver's Westside Power Equipment in Springfield, Illinois, found a way to attract new customer markets — and keep them coming back all year long. In 1995, the dealership added the Melroe Bobcat line of skid steers and attachments.

"It gave us the ability to conduct business in winter," says Charlie Carver, one of three partners at the dealership. "The Bobcats are a good blend with the lawn & garden business. And it provides us with a whole different clientele."

Bobcat customers include construction and concrete contractors, landscape contractors, home builders, municipalities and the maintenance departments of government and private organizations, to name just a few.

"Sales, service and rental of the Bobcat line and attachments probably account for 40% of our annual income," says Carver. In addition to sales of skid steer units, the Carvers have found a real money-maker in the rental of various attachments. Often, contractors need special attachments for one-time use, so they aren't going to make the investment in purchasing those attachments — but they take full advantage of rental opportunities.

Sales, service and rentals don't stop when the temperature drops. Snow removal and winter emergencies keep customers coming in year-round. "When a water main breaks, municipalities need a jack hammer attachment to dig through — even when it's 20 degrees below zero out," says Carver.

The Bobcat line also keeps the mechanics busy in the winter, making it easy to keep qualified employees working and the cash register ringing.

plementary as any “Better Homes and Gardens” feature.

To the right, a set of doors leads to the administrative offices. To the left, another set of doors take customers to the parts counter and out to a large shop and inventory storage space.

Beyond the obvious aesthetic value of the facility, the Carvers have taken full advantage of the space, utilizing what some would call “negative space.” The shop area is constructed with very high ceilings to accommodate large bay doors where nursery trucks once went through. At ground level, Carver built separate service bays, much like an auto garage, providing each technician with his own work space. Above the bays, he built a “second level,” providing ample storage space for inventory. The second level is accessed by a ramp, allowing technicians to store equipment waiting for repair, keeping the ground floor free from clutter.

The large structure of the facility serves technicians well, leaving plenty of room for bigger projects, such as servicing Bobcat skid steers and excavators.

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***“Growth is scary. Until we started this business, we weren’t really in debt. Now we have to make strategic investments to keep growing. It’s a real learning process.”***

Though some construction was involved to optimize every inch of space in the old nursery, Carver is still amazed at how well the facility fit his business. “Even the location is perfect. We are on a main highway that many surrounding towns use to get to the city,” says Mike Carver. “We’ve picked up so many new customers. Business has grown 30% since we’ve been here.”

### Keeping the dream alive

Carver has some distinct ideas about how to keep



*Above the bays, Carver built a “second level,” providing ample storage space.*

his business growing into the next century. Much of it centers around one of, what he says, his best tools for success in this business: his employees.

One of Carver’s promises to customers is an expert staff, so he hires carefully, trains thoroughly and pays well. As his employee base grows, though, he sees another important opportunity to foster loyalty and ownership with his staff. “I’ve got to figure out a way to get a profit sharing system in place,” he says. “I want employees to feel they have a vested interest in this company. As an employee, I know I would be even more productive and provide better service if I had that additional financial incentive.”

“But it’s more than that,” Kim Carver adds. “We want to give our employees the opportunity to grow and prosper and provide a nice life for their families. That was an important goal for us, and we are making that dream come true. We want the same thing for the people that work for us.” **YG**

*Originally printed in Yard & Garden January 1998 issue.*

# Creating Opportunities for Growth

*Buying other dealerships and creating the ideal shopping environment translate into success for this Maryland dealer.*

By Noël Brown

**S**ome dealers own the buildings that house their dealerships. Some rent. Others lease. This dealer, though, took a different angle. He made a deal with an established local hardware retailer to get floor space within the store ... thereby creating a “store-within-a-store” concept.

“The facility we were in was going to be redeveloped,” says Dave Moynihan, owner of The Mower Works in Clarksville, Maryland. “Land around here is terribly expensive. We had to figure out an alternative.”

Moynihan saw many benefits to building his dealership inside an existing hardware store, including additional customer traffic, a lower facility cost for premium location space and growth potential.

## Survival Tactics — In Practice

- Finding a new, more cost-effective location with more potential
- Remodeling with future growth in mind
- Adding services to expand customer base
- Growth through acquisition
- Fine-tuning the inventory management process to coincide with a changing business
- Involving managers to help you watch “the bottom line”

### Creating the right dealership environment

Moynihan wanted his customers to have the full dealership treatment, so he created his own storefront within the hardware store. Just like any other dealership, this one has “outdoor” displays and the typical glass double-doors that lead into the dealership. Inside, the showroom atmosphere and counters make customers feel they are in a dedicated dealership — which they are.

His dealership stands at the back of the hardware store, so it can easily connect to shop and storage space, with back entrances for service customers. There was a fair amount of construction needed to make the space ideal for a progressive, professional dealership. All the work was done by Mower Works employees.

Moynihan took the necessary construction as an opportunity to make the place worker-friendly, effi-



cient and aesthetically pleasing. The shop consists of six large, fully equipped bays. Upstairs, there is ample office space, including a nice-sized meeting room that compares to any corporate boardroom. The space will accommodate a growing company.

### Growing to the next level

The space already comes in handy, because Moynihan has found several ways to grow his business. One, he added another service that complements his power equipment business and attracts a variety of customers: providing the sales and installation of gen-sets for residential customers. These units are a major investment for customers, and they expect a professional business environment when making the transactions. Moynihan often uses his boardroom to meet with these customers to provide the most professional impression possible.

“This was one of the smartest things we’ve done for our company,” says Moynihan about taking on this line. “The business is steady and the profits are substantial.” Indeed, the purchase and installation of just one unit boasts a price tag of between \$10,000 and \$20,000.

In addition to taking on a complementary line, Mower Works found another way to grow ... through acquisition. “We found an opportunity to acquire instant growth without a huge investment,” says Moynihan. He found another dealership in much the same position he was in — good products, service and customer base, but sorely lacking in the facilities and business systems needed to take the business to the next level.

“A large percentage of business in, say, the \$100,000 to \$600,000 are feeling a pain,” says Moynihan. “They



have sufficient business volume to avoid closing the doors and liquidating, but they are not big enough (in their present condition) to be viable in the future.”

In this era of increased competition and higher customer expectations, dealers basically have two choices, according to Moynihan. They can either invest and upgrade their businesses to compete in this retail climate, or they can sell their businesses and retire from the industry. Moynihan chose the first option, and has been very successful because he found some dealers looking to act on the second option.

### “Partnering” vs. buying

Moynihan actually found two local businesses that would fold into his own well. Moynihan, though, refers to the acquisitions as “partnering” rather than “purchasing” the other businesses.

One distinction is the financial arrangements made with former owners. “Our businesses aren’t valued the same way with bankers as they are with us — bankers don’t look at the commercial value, they only consider assets,” says Moynihan. “Going to a bank to get financing isn’t always viable.”

Instead, he financed the acquisitions with the owners, paying them over time. “You aren’t going to have someone come in with a briefcase full of cash to buy your business,” says Moynihan. “You can’t expect that. You have to look at partnering.”

Another distinction Moynihan made in his acquisitions is to close the existing locations and integrate the inventory — and at times, the employees — into his one location.

### In the customer’s eyes

The key asset you acquire when you buy a business is the customer base and reputation. Moynihan found a way to maximize this through the partnership agreement. He had the phone numbers to each of the acquired businesses forwarded to his dealership, and kept them on separate lines. When those lines are answered, employees answer with the name of the original dealership. Employees direct customers to the Mower Works, telling customers they have merged and moved to a new location.

“Once they’re here, they see the great service we provide, the nice facility, the bigger parts inventory, and they’re hooked. We’ve managed to retain between 80% and 90% of the service business this way,” says Moynihan.

Since the service side has always been one of the main thrusts of the Mower Works business, Moynihan had efficient systems in place to handle the increase in business. But there are many issues to deal with when a dealership makes a big jump in growth. He took care of the space issue with the new facility. That was just the beginning.

### *Store within a store*

The store-within-a-store concept has potential that Moynihan hopes to maximize in the future.

“Hardware stores face some of the same problems we do,” says Moynihan. “Home centers are stealing market share from them as well. They are also looking for opportunities to make their stores more of a shopping destination. That’s where we come in.”

Since the demographics of the hardware store customer and the power equipment dealer’s customer are very similar, each retailer gets additional store traffic from the pull of the other. Both retailers benefit, proving to be a business model for the “win-win” situation.

“Once we streamline our business systems with this concept, I’d like to expand into other areas, and maybe even franchise dealerships in this way.”

### A bigger workforce

Moynihan acquired several new employees when he took over the businesses. A bigger staff, even of the most qualified employees, brings with it its own set of challenges.

One of the first things Moynihan did was develop an employee policy manual. “As you start to grow, in fairness, you have to have it,” says Moynihan. “There are many out there that you can model after. It will protect you and your employee.” How comprehensive should it be? “You can’t be too in-depth. It should include everything under the sun that would be a potential issue for the employees.”

Employee scheduling is another challenge for Mower Works. Moynihan realized that, with two separate counters (one sales and one service) and the increase in customer traffic, he needs a minimum of six people for adequate coverage at any given time. Moynihan had to determine how many was enough, without having too many employees working at once. It took some trial and error.

Back in the service shop, the Mower Works has, at times, eight or nine mechanics working at once. With that many working, suddenly the government is more interested that the business is maintaining proper measures in employee safety. “Make sure you’ve taken all the proper steps for safety,” says Moynihan. “It shows you care and you expect professionalism.”

To reinforce safety and proper management, the Mower Works has monthly shop meetings. “There is an

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opportunity for everyone to have input into changing the way we do things," says Moynihan. "We cover all areas of business. Through discussion, we become more efficient and get good ideas from every level."

Training is another issue when bringing in employees from other businesses. It goes beyond just training them in "the Mower Works way." Moynihan says, "When employees come from smaller companies, they need training on handling more volume. They also need training on our business systems, like our computer. The companies we purchased weren't computerized."

Bringing employees together from different shops also has many benefits. "With the variety of technical experience, we can work on a broad spectrum of product," says Moynihan.

### Managing parts and inventory

Larger volume of business means changing the way you forecast and order products and parts.

"Determining the proper balance of product lines, inventories and parts is essential," says Moynihan. "If you don't have the proper 'minimums' and 'maximums' set on your inventory — especially parts — you can quickly go from the store that has everything to the store that has nothing."

With more product and parts moving through the dealership, Moynihan looks at ways to save money in the way he orders. Multiple orders on parts, time factors and freight take on new importance when the dealership's growth forces higher volume orders.

When acquiring other stores, you have often acquired additional product lines as well. While this can be a benefit as you broaden your product offerings, Moynihan advises to be cautious. "Be careful of the urge to carry 15 lines of equipment. You have to carry what you believe in," he says.

Another important piece of advice is the need to divisionalize the business. It is no longer efficient to manage the business all by yourself. "You've got to have a service manager and a parts manager," says Moynihan. "You must keep the chain of management smooth."

Having managers you can rely on also means you have several people watching — and taking care of — your bottom line. "As the business gets bigger, you need



*The new shop consists of six large, fully equipped bays.*

to maintain extreme attention to detail, and having managers help you do that," says Moynihan. "You've got to look at all the hidden things that eat profit. For instance, you can't have everyone picking their own parts. If they go to the parts manager, you know those parts will be monitored for inventory and recorded for payment."

### Maximize business systems ... and relationships

Moynihan wisely invested in a new computer system that easily accommodates the growth and aids in the administrative tasks associated with a bigger business.

Even the most efficient businesses encounter growing pains, however. What do you do when you acquire two businesses, move to a new facility, invest in major construction, virtually double your workforce ... and then encounter the worst drought in 100 years?

"It's been tough, and we've had some cash flow problems," says Moynihan. "But there were several business relationships that really came through during this setback. We have an excellent business relationship with our community banker," says Moynihan.

Regarding vendor relationships, he says, "You have to work hard to get a rapport with key vendors. We've always done what we said we would do. So when things got tough, we saw which vendors were committed to our business." Thanks to smart business tactics, qualified personnel and vendor support, the Mower Works is poised for success. **YG**

*Originally printed in Yard & Garden January 2000 issue.*

# Smart Decisions, No Limits

*A North Carolina dealer takes some calculated risks and finds success at every turn.*

By Noël Brown

**W**hat could a 21-year-old with \$500 and three shoe boxes full of parts possibly accomplish in life? You'd be surprised.

That's exactly what a young Scott Brady started with 15 years ago. Today, Brady is the proud owner and operator of two successful power equipment dealerships; one in Elizabeth City, North Carolina, and the other in Moyock, North Carolina.

It was a long journey, but one of steady growth. In the early days, Brady was a one-man chain saw repair operation in a rented garage behind an auto parts store. It wasn't long before the parts store owner kicked him out. "He said there was too much traffic coming back to my shop; it was disrupting his business," says Brady.

## Survival Tactics — In Practice

- Open a second store in a prime location
- Raise prices to combat cash shortage

### Bumper-crop growth

But a new opportunity soon presented itself. A soybean farmer drove him out to one of his fields and said, "What do you think?" The farmer owner-financed a section of his land along a major highway outside of town. Brady erected a modest building, with a 12-foot-by-50-foot showroom. Soon, he expanded his chain saw operation, picking up a lawn and garden line and hiring employees.

He also found a niche for himself and took advantage of his reputation as a "wizard with chain saws." He became, in effect, a distributor for another dealer in town. "Chain saws were sent in from all over the place, because they knew I could fix them," says Brady. "Pretty soon, I gave space in my building to a guy in town, and began selling and shipping his parts. I didn't charge him rent for the space or anything because it helped my business. I got parts at a discount, and that was an advantage to helping me grow."

Flash forward a few years: Sales grew, new lines were added, more employees came on board and the building was expanded. Brady Outdoor Equipment is



*Scott Brady (left) helps a customer in the Moyock store.*

very successful and Brady's future looks bright. End of story, right? Not quite.

### The formula for opening a second store

"They made me take Tuesdays off, and that got me in trouble," laughs Brady, when relaying how he decided to open a second store. During the winter months, everyone in the Elizabeth City store rotated taking days off. Tuesdays were Brady's appointed day off — whether he liked it or not.

Not sure how to "stop" working, he started studying markets in surrounding areas, with the seed of an idea in the back of his mind. "There was very little debt on our first store, and it became easier and easier to run," says Brady. "I wanted another challenge, so I started looking for one.

"There was really nothing with potential in this area. But the traffic flowed north, toward the Virginia border," says Brady. So he started driving around, looking at different communities. Soon he found the little town of Moyock, which he refers to as a "wild west town," describing it as rather barren. "There isn't even a Burger King here," he says.

But the thru-traffic offered a story with more potential. Moyock is only 1.8 miles from the Virginia border, and the surrounding communities needed the kind of power equipment dealership he could offer. "It's a bedroom community for the booming Chesapeake and Hampton Roads area," says Brady. His Toro sales rep

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### *Need more cash? Raise your prices*

One of the hazards of opening a very successful second store and selling more than expected is you can end up with a cash shortage.

“Business was up, sales were way up, but we were cash short,” says Brady. “The money that comes from all those sales lags behind by 30 to 60 days, so in the meantime, it’s easy to have temporary money issues.”

Brady and his team put their heads together and decided they had two choices: borrow money or raise their prices. “I talked to our banker and told him we needed X number of dollars for this period of time,” says Brady. “He went back to his office, ran a bunch of reports six ways from Sunday, and came back to me saying, ‘You’re right. You need X number of dollars for this period of time.’ He said he doesn’t run across too many businessmen who can hit the amount on the head like that.”

Brady, in fact, is very aware of his numbers. He has a piece of paper in his pocket that he carries around with him at all times. On it are the amounts he owes for every loan he is currently paying. “I always know exactly how much I owe, and I am aggressive about paying it back,” says Brady. “My banker calls me ‘debt retentive,’” says Brady.

Being “debt retentive” meant Brady was hesitant to borrow more money if there was a way to raise it

himself. So the team at Brady Outdoor Equipment decided to experiment with something. They raised their prices across the board.

The crazy thing is, it worked.

“We brought our margins up on wholegoods from 17% to 35%,” says an amazed Brady. “I can’t believe we didn’t do this years ago.”

#### *How Brady did it*

There was no complicated formula for the price hike. The dealerships simply started pricing all product at the suggested retail price. “We still haggle at times, but this way, we’ll concede to bringing the price down to what we used to sell it at retail before,” says Brady. “The customer feels he’s getting a deal, and we are increasing our margins significantly.”

Has it turned customers away? No. Has it caused bad feelings from existing customers? No. “We don’t let them walk away,” says Brady. “We’ll still work with them on the price. We just end up getting what we need to stay profitable.”

Both stores keep close track of daily sales and margins and fax the results to each other. “It’s become a bit of a contest, which store can bring the best daily margin,” says Brady. “It’s tougher for the Moyock store, since they are mostly commercial, but even they are breaking records.”

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helped him with market studies and census reports which proved the area was perfect for a second store.

Next, Brady had to get financial backing for the new venture. He could start the store with existing product and parts from the Elizabeth City site, but he still needed start-up money. He drew up a proposal for his banker. “We thought, ‘how much would we need if we had no sales for four months.’ Then we mirrored the expenses from our first store to come up with a plan,” says Brady. “We wrote a letter giving our bank conservative estimates of what we could do the first year.”

Already having a good relationship and a proven track record with his banker, he soon had the money he needed. He bought an existing building on the main thoroughfare in Moyock and set up shop. That was 13 months ago.

#### ‘Service is like the cross-hatch in a rifle’

What started out as a long shot quickly proved itself a huge success. “We estimated we’d take in \$800,000 the first year,” says Brady. “We ended up doing four times that.”

Though he copied the successful format of his first



*The Moyock showroom*

store, the second one caters to a much different customer mix. In Elizabeth City, the majority of sales are to homeowners (80%). The new store in Moyock, however, boasts 75% of sales to the commercial market.

Switching gears between these two very different customer types didn't phase Brady. "It's not that different, really. We offer excellent customer service. Every type of customer responds to good service," he says. "We take care of people and they just come." Indeed. The Moyock store averages one new commercial account every day.

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***"We brought our margins up on wholegoods from 17% to 35%. I can't believe we didn't do this years ago."***

Though Brady doesn't advertise in a big way, he is still aggressive when it comes to finding new customers. He went out and called on contractors. "All I did was say, 'I'm the new guy, give me a shot.' Then we proved to them that they made the right choice," says Brady. "It all

has to do with service and attitude," says Brady. "If you have the right attitude, you're giving the right service."

He credits his success to employees with an attitude for service, a stable of top-notch mechanics, and such value-added perks as free pick-up and delivery. "It's like the cross-hatch in a rifle. If you provide the consistent excellent service, you're on target. If you're not, they tell you when you miss." **YG**

*Originally printed in Yard & Garden June 1999 issue.*

# Bringing in Business Savvy

*Allen Lawnmower finds the talent it needs to launch a second store.*

By Noël Brown

**A**fter more than four decades in the outdoor power equipment business, Donald and Sonny McLean, owners of Allen Lawnmower, decided to branch out. Though their Agawam, Massachusetts, store was quite successful in serving customers both in their state and neighboring Connecticut, the McLean brothers felt there were more customer markets to tap if they opened a store across the border.

Four years ago, they opened a second store just 20 minutes away in Enfield, Connecticut.

The third-generation family-run business also branched out in another way, choosing to hire someone outside the family to run the new Connecticut dealership. They wanted a “ringer” of sorts, someone with an extensive knowledge of the industry as well as the business savvy it takes to grow a successful dealership in today’s competitive market. In addition, this person would need excellent management skills, customer rapport and the gumption to become a leader in the close-knit, family-run business.

## Survival Tactics — In Practice

- Monthly reports help keep business “ahead of the curve of change”
- Monthly “executive staff” meetings generate new ideas
- Using budgets to plan for lean times

It’s a tall order. But the McLeans found what they were looking for in Linda Lehman.

They’d known Lehman for years — she worked at the headquarters of Ransomes, one of their top suppliers. Lehman flirted with the idea of leaving Wisconsin and moving East for quite some time. Looking for a new challenge, and seeing a great opportunity by moving to the industry’s “front line” — the dealership level — she finally accepted their offer to start up and run a new second location.

A good decision becomes a great success



*Linda Lehman makes a sale with commercial customers Richard and Gil Vasseur.*

Lehman hit the ground running. Though the Connecticut store is considerably smaller than the 50,000-square-foot Massachusetts location, Lehman provides the same comprehensive service customers have come to expect from the Allen Lawnmower name. She manages to create a dedicated team approach in her own location, while still taking full advantage of the extended resources offered by being part of a much larger company.

Customers of Allen Lawnmower are assured of certain services regardless of which store they patronize. They know they will find a knowledgeable staff who will help them find products and parts that suit their needs. They know they will get efficient repair and maintenance on their equipment.

Customers know they will get certain perks, like free pick-up and delivery for service for the life of their equipment. “So 20 years later, when there’s no paint on his Troy-Bilt tiller, the customer knows we will still give him free pick-up and a special deal on his tune-up,” says Lehman.

And they know that Allen Lawnmower is a well-established company (more than 50 years in business) that stands behind both their product and their service.

From the beginning, Lehman made sure customers saw no change in these principles of business started by the McLeans long ago.

In addition, Lehman offers a fresh perspective, introducing new ways to run the business more efficiently, and more ways to bring their product and service to market.

### Management control at its best

Both locations of Allen Lawnmower are computerized and networked to each other. That way, managers at both stores have instant access to inventory levels as well as a host of business and financial management software at their fingertips. Lehman figured out how to pull reports from that software that helps her better manage the dealership.

***“If there’s an expenditure problem, we can review costs to see where we can cut. It’s important to make an immediate attempt to recover. If we wait until the end of the quarter or the year, it will be too late.”***

“We track everything,” says Lehman. “We look at trends and make changes, staying ahead of the curve. You never want to be behind the curve of change.”

In addition to monthly reports that show where the dealership stands financially in relationship to budget, Lehman uses reports showing which products and lines are the top (and bottom) sellers. She also uses productivity reports, to see not only which departments are the most productive, but also which employees are yielding the most sales or the most service. When needed, she can pull reports that lay out sales and service on a particular day.

From there, she can identify areas that need attention. “If there’s an expenditure problem, we can review

costs to see where we can cut,” says Lehman. “It’s important to make an immediate attempt to recover. If we wait until the end of the quarter or the year, it will be too late.

“If problem is in sales of a particular product line, we see what we can do to push sales in that area. Maybe we’ll have an unplanned sale, or step up advertising on that product,” says Lehman. She says that they build a little “fluff” into the advertising budget for such situations.

“If you’re watching, you understand the impact right away,” says Lehman. “You can look at it and say, ‘Why am I not hitting my numbers? I knew the weather wasn’t too good.’ But now you see it in black and white.”

Every month, she meets with the managers and owners of the other store in their “executive staff” meetings. There they discuss everything from the budget and current sales to personnel issues to planning for the next year. Everyone offers input and advice on how to handle problems. They also use it as an opportunity to brainstorm on ideas to make the business more efficient and more profitable.

### Using the budget to avoid pitfalls

Lehman not only uses the budget to see where the dealership is at today, she uses it as a planning tool to make sure the company is ready for the slow times and can take full advantage of the busy times.

“Whether you are a big company or a small one, you always have to be careful about under capitalization,” says Lehman. “It sounds simple, but you can’t spend more than you bring in. You’ve got to look at the big picture. You can’t be spending just because you’ve had two good months. The weather can turn against you at any time.” Lehman points out that careful budgeting allows the company to keep money earned during the busy times in cash reserves for those slow months.

She also talks about the importance of having a good relationship with your banker. “You need to be able to talk to him almost like a business partner,” says Lehman. “And you need to have a line of credit in place, so if there is a problem down the road, you’re covered.” She mentions that a good working relationship will help the banker understand your business — and the temporary needs a dealership may have down the road.

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In other words, there is equity in the relationship too, not just in the business. "Never wait to talk to the banker until you're desperate," says Lehman. "If you wait until you're desperate, they'll be taking over your building instead of giving you what you need."

### People management is as important as financial management

Lehman sees her staff as her most valuable asset. Though she doesn't show them specifics in the budgets and reports she uses, she shares with them what areas they are doing a good job in and what areas need improvement. Most of all, Lehman says it is important to let her staff know they are appreciated.

"The best thing you can do for your employees is let them know they are valued," says Lehman.

She also emphasizes goal assignment and training as key elements to keeping a motivated staff. "I set reasonable production goals for employees," says Lehman. "They understand they are accountable and they have to achieve."

All the employees at the Connecticut store are cross-trained to do each other's job. "I have to have it that way, because we have a lean staff and we have to be able to help out wherever it's needed." She also said the cross-training adds variety to their jobs. It gives employees a sense of belonging and a feeling of ownership to the corporate goal.

### New approaches to recruitment

Though the McLeans place a high value on a "family atmosphere" in their business, they are not afraid to look elsewhere to find the skills needed to enhance their business.

"Our owners are really good at this," says Lehman. "I came from manufacturing. One of their employees came from banking. They are not afraid to look outside the industry. It doesn't hurt to look in unusual places for workers. If they are bright and willing to learn, we can train them to do almost anything."

Lehman admits this can be considered an "unglamorous" industry. "But don't assume people wouldn't want to work in this industry," says Lehman. "We have nice people in our industry. And if you create a comfortable,



*Lehman makes full use of budget reports to manage her branch of Allen Lawnmower.*

challenging work environment — and show them you are willing to pay them and train them, you'll attract people.

"It's good to bring a fresh perspective now and then. Everyone has different gifts to bring."

It seems Lehman is a perfect example of that philosophy. **YG**

*Originally printed in Yard & Garden February 1998 issue.*



# Product Diversity Draws Customers

*Birdseed and Christmas trees supplement sales of premium product, outstanding service.*

By Noël Brown

**W**e give people as many reasons as we can to come see us," says Don Kruse, co-owner of Chagrin Pet & Garden & Power Equipment, Inc. in Chagrin Falls, Ohio. Don is talking about the diverse offerings at his outdoor power equipment dealership.

The building started as a grain mill years ago — and still produces birdseed. Though it no longer manufactures feed, Chagrin still sells several semis-worth of it every year. Don Kruse and brother Ted offer "everything you can think of that applies to outdoor living," says Don, including farming supplies, lawn and garden maintenance, pet supplies and more.

"It keeps money coming in all year long," says Don. "It's a shock absorber for the cyclical nature of the power equipment business."

## Survival Tactics — In Practice

- Product diversity keeps sales up all year long
- Comprehensive computer system helps manage inventory
- Evaluate your shop to ensure maximum profit
- Incentives encourage employees to strive for more profitable operations

Not only does the diverse offering provide a steady income year-round, it creates floor traffic and an opportunity to build relationships with customers. "We have customers that will stop by every weekend," says Ted Kruse. "They don't even necessarily need anything. We are just part of their weekend routine. And you know what? Two things happen. We get to know them — it helps us develop a long-lasting relationship with them. And, even if they didn't come in with a purchase in mind, they almost always end up walking out with something."



## The right systems in place

While being able to offer so many types of products is ideal for customers, it sounds like a management nightmare — keeping up with inventories, making sure all vendors are paid, etc. But the Kruse brothers have the right tools to keep it all running smoothly.

For starters, they have a comprehensive computer system in place that keeps all the levels of inventory organized. The system is not one typically found in power equipment dealerships. "It's called Triad," says Don. "You see it more in lumber yards, hardware stores and auto manufacturers. It's such a big help to us because we have so many SKUs and in-house accounts."

Though the system is not new, it still serves them well, proving to be a wise investment. "When the previous owners switched to this system in 1984, it paid for itself and then some," says Don. "In the first 12 months they cut their inventory, had better turns and sales went up."

Don is quick to credit the human element as well for their mastery at organization. "We have one person who does it all: payables, payroll, billing, inventory. Without that computer system, we would need three or four people to handle all that. Instead, we just have one competent person."

As business owners, the computer is also very helpful in strategic planning. The Kruses use the information stored there to make inventory forecasts, determine gross sales dollars and formulate profit margins.

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“This system is really geared toward computer management,” says Don.

### Employee respect results in low turnover

An equally important aspect of managing a successful business is the quality of people that work there. The Kruse brothers are pleased with their employees and do what they can to ensure they are happy to work there.

In addition to offering a competitive wage, they regularly evaluate employees and provide raises. They also offer benefits such as health insurance, and a 401(k) investment program where the company matches 25% of the employee’s contribution.

Providing such benefits can be cost-prohibitive for small businesses, but the Kruse brothers found a way to make it more affordable. “We belong to Cleveland’s Council of Small Business Enterprises (COSE),” says Don. “They provide a co-op of sorts for small businesses with certain benefits, like insurance. It allows us to be competitive in what we can offer our employees.”

More than monetary recognition, though, Don says the employees appreciate the company’s “human approach” to their needs. “We treat them with respect and are understanding when they have occasional problems or special needs,” says Don. “We aren’t sticklers about vacation time and personal days ... when they need a day off to take care of, for instance, a problem at home, we make sure they get it.”

The caring attitude and compensation package pay off: The average employee has been with the company 10 to 12 years. “We’ve found it much easier to keep employees happy than to find and train someone who will work for less money,” says Don. “It is so difficult today to find top employees — or any employees, for that matter, with the unemployment rate so low.”

### Customer service credo: ‘Don’t disappoint’

With a smart business system, an unbeatable team and a diverse product offering, Chagrín offers another element to the mix: excellent customer service. “Yes, we’re here to make a profit. But what I think works with us is that we are truly interested in connecting with people — and our staff buys into that philosophy, too. We don’t disappoint.”

Responding to customer needs and providing the premium service that matches the premium brands they carry are the elements to success that keep customers coming back time and time again.

One way Chagrín serves customers is by letting them lead the buying process. “We don’t drive the customer; we let him take us where he wants to go,” says Ted. “We make sure we have the right product at the right time and let the customer lead. We still end up getting the right number of turns, and the customer is happy.”

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***“It keeps money coming in all year long. It’s a shock absorber for the cyclical nature of the power equipment business.”***

“We are not perfect by any means,” says Don. “But we will always go that extra mile for the customer.” Even, or maybe especially, in what Don terms “sticky situations.” “We’ll work with a customer if he is unhappy, even ultimately give him his money back, if that’s what it takes. We’re in this for the long haul, and we want to keep that customer. When you work with them, that’s the kind of thing they remember, and they come back.

“Treat people like you care about them, and the money will take care of itself.” His partner Ted agrees, “It’s much harder to get a new customer than to take care of an old one.”

Chagrín provides customers with options — including the option to shop on Sunday. They are open seven days a week. “I had a customer call last Sunday from 40 miles away,” says Don. “He said, ‘you are the only chain saw dealer around that is open on Sunday’ and came in to buy a saw. He was very pleased with us.”

The Chagrín team tries to make shopping a pleasant experience for the whole family. “Whether it’s handing out lollipops to the kids, hats to the commercial customers or free flowers with every mower, we try to make it so everyone looks forward to visiting,” says Ted.



*Chagrín still produces the birdseed it's known for, which is another draw for customers.*

### Keeping an eye on profit

The Kruse brothers are always looking for ways to improve the business and boost profits. They go to manufacturer and distributor meetings and take copious notes — both from what the speakers have to say as well as what other dealers share.

"We recently went to a manufacturer meeting where a speaker talked about how to increase profits in the service shop," says Don. "We came back and re-evaluated everything: mechanic efficiency, shop rates, the cost of pick-up and delivery, everything from start to finish."


Don says the information really helped them become

more aware of how much it costs to do business and where the profits come from.

He realizes, for instance, that the mechanics have their highest recovery rate in the winter when they are working on product that comes in from a winter service promotion. "Our recovery rate is as high as 85% or 90%, mostly because the mechanics are not distracted by the interruptions the busy summer months bring."

The Kruse brothers also determined that while an incentive program would be a good idea to improve efficiency on the service side, incentives should be further reaching than just the mechanics. "There are many people involved in the service process. There is a service manager, a parts manager, even the drivers that pick up and deliver product contribute to the efficiency of the service department," says Don. "The right system will compensate everyone in the process."

The Kruses also appreciate feedback from other dealers. "At one meeting, the manufacturer introduced some topics, then split the dealers into groups, where we brainstormed and shared our ideas," says Ted. "Every dealer brings something unique with them. We learned so many ways to improve our business."

Don is quick to add an important piece of advice, "We have to remember, though, that there are only so many changes we can implement at one time. The way to go about it is to focus on one area of business at a time. Then change isn't so overwhelming." 

*Originally printed in Yard & Garden January 1999 issue.*

# Takin' it on the Road

*Indiana dealer drives profits with mobile service to customer homes.*

By Noël Brown

**B**usiness grows double-digits every year. Service jobs keep 12 technicians busy year-round. And most of all, customers stay satisfied with the menu of service options available. Want to bring the unit in? Sure. Need it picked up? No problem. Like it serviced in your own driveway while you're at work? We've got you covered.

## Survival Tactics — In Practice

- Offering a unique service opens the door to new customers and higher profits

"At least 60% of our residential customers have no way to haul their unit in themselves," says Gary Reynolds, owner of Reynolds Farm Equipment, Inc. in Fishers, Indiana. "We found ourselves running two delivery trucks full-time, and product was backing up, waiting for service. We figured there had to be a better way."

"We started dropping off belts and performing simple maintenance at people's homes to avoid bringing units in," says Alan Clay, service manager at Reynolds. "It saved us time, money, and key storage space back at the shop."

It wasn't long before Reynolds decided to equip a truck for mobile service calls. "We evaluated exactly what kinds of 'minor' jobs could easily be done on the road," says Clay. "Then we stocked a 3/4-ton pick-up truck with the parts and tools needed to complete those jobs."

### A shop on wheels

In fact, each truck is so well equipped there isn't much technicians can't do. Within the custom lock boxes on the truck is an inventory of parts including blades, belts, oil, filters, plugs and

more. A full set of tools, a generator, a pressure washer, an air compressor, a blade grinder and other tools complement the setup. The technician has tools, power and parts for a complete mobile service station.

The addition of two on-site service trucks enabled Reynolds to eliminate one delivery truck. Equipment storage is less of an issue since many of the products serviced never enter the shop. Customers are happier because turnaround time is much quicker and they have a hassle-free option of equipment repair. And it brings in more and more business.

"We're the only ones around that provide service at home," says Clay. "Because of that, our service area gets bigger and bigger. We literally pass other dealerships on the way to some customer visits."

"But I've got to tell you, I don't feel bad about that. We are simply offering a service no one else does."

Primary supplier John Deere agrees. The company would like to see dealers — John Deere dealers, that is — offering this service nationwide. Deere began a pilot

*Service Technician Dave Cowan sharpens a mower blade during a home service call.*



program called “Ready to Mow,” with Reynolds as one of the test dealerships. The program, set up much like Reynolds’ program above, would equip dealers with the whole package, including a nationwide 800 telephone number customers can call to access mobile service. The truck decals provide a moving billboard, with neighborhood service calls providing the best illustration of the convenient service.

### Revvng up revenue

Convenience comes with a price, but customers don’t seem to mind. Each home visit cost includes a \$15 trip charge above the \$45 an hour shop rate. The technicians can do four to five jobs a day, more in the height of the season. “Sometimes we’ll put in 180 miles a day,” says Dave Cowan, service technician and driver of one of the mobile service trucks.

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***“We evaluated exactly what kinds of ‘minor’ jobs could easily be done on the road. Then we stocked a 3/4-ton pick-up truck with the parts and tools needed to complete those jobs.”***

Because it would be difficult to prepare an invoice on the road that would include accurate pricing for the parts and labor, not to mention the fact that most customers are not home during service, billing is typically done by mail.

“If the repair entails more than we originally discussed with the customer, the service technician calls in to price the extra parts and pull together a new estimate,” says Clay. “If the customer is home, the technician will discuss the repairs on site. If not, we call the customer at work to get approval of the new repair.”

Reynolds keeps both trucks on the road making service calls six days a week. “I try to schedule their last job

at noon on Saturday, so they can be back by 4 p.m.,” says Clay. “But it doesn’t always work out that way.”

### Making stops for the big box

The trucks are equipped to handle repairs of most any brand, including those of mass merchants. Reynolds has a service agreement with a local chain, providing service to their outdoor power equipment customers. “We also come in to fix any units returned and/or broken, so they can re-sell them,” says Cowan.

Though the extra work is a new opportunity for service business and for prospective customers looking to upgrade or improve service, partnering with mass merchants is not always a smooth ride.

“Every year we have to rethink that,” says Reynolds. “It’s not always easy to do business with them, or service their brands. Parts are a bear. Why is it that I can get a John Deere part the next morning, but I have to wait two or three weeks for a part from the (mass merchant) brand? It’s not always profitable for a dealer yet.”

Some dealers would contend that the only reason to service mass merchant product is to get those customers in the dealership, eyeing product and experiencing expert customer service. That doesn’t happen when the product is serviced at the customer’s home. Does Reynolds miss out on opportunities to sell up by servicing mass merchant products outside the store?

“Absolutely not. Service always has an effect on sales,” says Reynolds.

### Going the extra mile for customers

That attitude of excellent service is one of the reasons Reynolds has the reputation and loyal customer base he does. Founded 42 years ago by his father, Reynolds now has four locations serving customer markets beyond outdoor power equipment, including the agriculture, construction and golf industries. His success has landed another title as well: second largest John Deere dealer in the country.

While devoting a healthy chunk of his business focus to the commercial market — where all experts say growth potential lies these days — Reynolds is bullish about the homeowner market.

“Percentage-wise, the lawn and garden equipment

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side of the business takes more people to execute, per dollar, than the other categories of my business," says Reynolds. "And yet I am very optimistic about the residential market. I see opportunity here."


Though Reynolds boasts 160 employees throughout the four locations, the dealership still has a "family-run" feel to it. "It's a strong selling point when I can introduce the owner who's often right there on the floor talking with customers," says Brian Spangler, head of the lawn & garden department in the Fishers store.

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***"We're the only ones around that provide service at home. Because of that, our service area gets bigger and bigger. We literally pass other dealerships on the way to some customer visits."***

While some customers may be intimidated by trying to buy a lawn tractor just a few feet away from a huge combine, most find that comforting. "Customers say, 'If they can fix a big piece of equipment like that, fixing my mower will be easy,'" says Spangler.

The folks at Reynolds work hard to make the dealership an attraction for the whole family. In addition to a variety of power equipment, the showroom features "the country store," including everything from John Deere apparel to toys, books and gifts. There is a children's area where kids can play and ride mini-tractors. There are several benches and chairs where people can relax.

Achieving customer satisfaction at so many levels can be a rocky road for some, but Reynolds has paved his way to success. 

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in *Yard & Garden's*  
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*-Randy Longnecker, J&I Power Equipment, Olympia, WA,  
with his antique Stihl Tractor.*

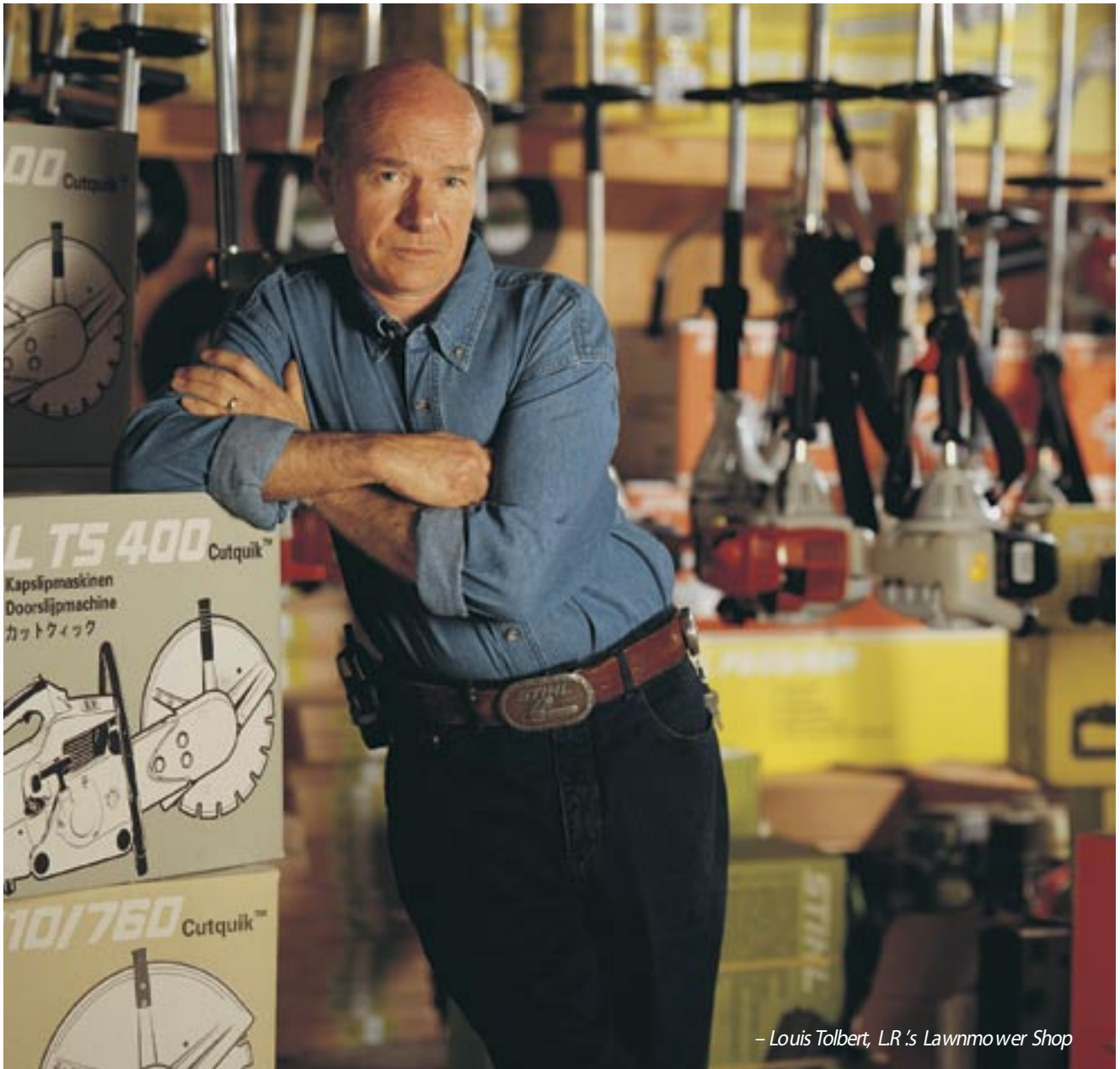
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– Louis Tolbert, LR's Lawnmower Shop

## “The last thing I want is to help home centers sell my brand.”

“I’ve seen it before. First an OPE company decides to sell out of discount stores. Then they tell their dealers to stick around because their business is going to improve. Whose business? Give me a break. All the dealer ends up doing is validating the brand

as a tool of the professional while his customers go to the discount stores, that undersell the dealer, to get those ‘professional-grade’ tools. With Stihl, I’m a genuine authorized dealer, not a promoter for my competition down the street.”

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