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- Technology in the
Dealership

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STIHL®

Embracing Technology



Dear Servicing Dealer,

Ronald Reagan once said that those on the cutting edge of technology "have already made yesterday's impossibilities the commonplace realities of today."

Who would have once thought a small disk could replace volumes of data or that you could earn a graduate degree online? Technological advancements are accelerating at an ever-increasing rate. And the proliferation of technology in the OPE industry includes everything from product design and manufacturing to financial management and customer communications.

At the STIHL manufacturing facility in Virginia Beach, we continuously evaluate the efficiencies of bringing in new technology – does it make sense in terms of time, cost, and quality assurance to implement a particular technology? If the answer is yes, we proceed. Likewise, it's important for you to evaluate which technologies make sense for your business.

Today's consumers are plugged in to the Internet, downloading information and comparing product offerings well in advance of making a purchase decision. Consequently, many customers' perceptions of your business are often based on the quality and abundance of information found on your Web site. If you don't already have a Web site to promote your business, I urge you to develop an online presence. Take advantage of manufacturers who can help you avoid having to build an entire site on your own.

While important, technology is just one ingredient of your long-term success. It is a tool that allows you to project a progressive image, share information about your business in a fashion desired by today's consumers and realize efficiencies in your behind-the-scenes operations, so that your front line employees can focus on what truly sets you apart: building meaningful relationships with your customers.

Explore some of the technologies shared in this issue of the *Dealer Success Guide*. There are several technologically-driven areas profiled herein. Each is intended to help you turn today's challenges into tomorrow's commonplace.

Best regards,

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

Fred J. Whyte
President
STIHL Incorporated

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Gregg Wartgow, editor

Now in its 12th volume, the *Dealer Success Guide* has continually evolved over the course of its five-year existence. One thing has remained the same. The *Dealer Success Guide*—a compilation of insight and advice from dealers, distributors, manufacturers and expert consultants—is a commitment by *Yard & Garden* and Stihl Inc.



to present informative articles designed to help you improve your management style and step up operations at your dealership.

The theme of this edition is “Technology in the Dealership.” Make no mistake, technology has had a profound effect on the outdoor power equipment industry. I’m not just talking about busi-

ness management systems, CD-ROM and online parts catalogs, Web sites and e-mail. Engines and equipment have become more complex, as well. All of this necessitates the need for ongoing employee training.

When we first launched the *Dealer Success Guide* back in 2001, it was becoming clearer and clearer that, if dealers wanted to survive, they had to “get with the times,” so to speak—especially on the technology front. I think the industry has come a long way.

But unfortunately, there are still some dealers whose business management system consists of a shoebox and hundreds of index cards. There are other dealers who do have a computerized management system, but aren’t fully utilizing it. Take a look at Jim Yount’s article on page 4 for some tips on how to make better use of your business system to become the savvy financial manager you need to be in order to run a profitable dealership.

I also think the industry has come a long way when it comes to Web sites, e-mail and other “interactive” capabilities. I’m encouraged to see how the number of functional dealer Web sites has dramatically risen in the past couple years. I’m also encouraged that the number of dealers who can correspond via e-mail also seems to have dramatically risen.

Technology has touched this industry in a profound way. And as always, it will continue to evolve. Some of the most successful dealers are embracing technology and taking full advantage of it to help market their businesses, improve processes, gain efficiencies and increase profits. I hope you’re one of them—or are at least open to the idea. 



Computer technology

The right tool for tracking, measuring and reporting productivity and efficiency

By Jim Yount

Were you satisfied with your bottom line report at year's end? Did the bottom line report meet your expectations? An unacceptable bottom line is usually the result of poor judgment and making decisions with stale, erroneous and/or limited information—in some cases with no information at all. Are you aware that there is a direct correlation between your business performance and the lack of quality information reported by your accounting system?

Perhaps you are attempting to manage your business, in this highly competitive environment, without a point-of-sale accounting system and related reports. If you are, your destiny is to struggle with an inadequate bottom line. If you own or manage a business, you must have certain critical information on a timely basis.

It begins with an end-of-day report

I'm asking you to take a few minutes to look at your accounting department, and more specifically, the software used to track business activity. Business performance cannot outperform the software used to accurately track and report cash flow activity.

Here's what I mean by cash flow activity. The first priority in any business is to generate income. After the cash register rings up the sale and the money is deposited in the bank, your next priority is to manage cash for positive flow. Positive flow means profit left after paying all bills at the end of the year.

I believe a point-of-sale accounting system, operated in conjunction with an industry-specific software package that tracks inventory movement and service department efficiency, is one of the best technological assets a business can own. It is the best way to manage cash in any business, and it begins at the cash register when the sale is completed. The computer will print the customer invoice, assist with the payment transaction, relieve and update the inventory, and store the information for retrieval when the end-of-day sales report is requested. If your system cannot track the detail it cannot report it.

Let's identify five Profit Principles and ask some questions. Whether annual business income is \$100,000

or \$100 million, there are five profit principles that must be considered when measuring productivity and efficiency. Remember, cash flows two ways. And we're discussing a point-of-sale accounting system and its ability to track and report critical information necessary to managing and earning better profits.

Profit Principle No. 1: Income

Cash flows into the business through the process of sales. If I ask you to run a report at the end of the day, what information is available on that end-of-day report? Some software may have another name for the report. Here's the information you are looking for:

- What is total dollars for today's sales, month-to-date and year-to-date?
- How much equipment by brand was sold?
- What are the best-selling models?
- How much did each line item cost? No cost is assigned to service labor income.
- How much profit was earned?
- What is the ratio of profit to sales dollars?
- How much service labor income was sold?

An example of an end-of-day report is on the following page.

The major purpose of the end-of-day report is to be able to review your progress. Ask yourself these questions: Are my total sales dollars on forecast? Are my gross profit dollars as planned and does the gross profit ratio/percent correlate? Look for errors. The most frequent error is the wrong cost of goods, or goods without any cost applied.

When you find an error, make changes immediately. Do not allow mistakes and errors to accumulate. It can lead to financial disaster. End-of-month and end-of-year reports are nothing more than accumulative totals carried forward.

Profit Principle No. 2: Cost of Goods

Your available cash suffers when the cost of goods is too high relative to the selling price. After making the sales and the money is in the bank, there are but two

Here's an example of an end-of-day report

Brand Group	Equipment Component	Model Part #	Selling Price	Cost of Goods	Gross Profit Dollars	Gross Profit Margin
Wheeled goods	walk mower	100A	479.99	383.99	96.00	20.00%
	lawn tractor	200B	1,699.99	1,334.50	365.49	21.50%
Handheld	chain saw	300	279.99	218.40	61.59	22.00%
	trimmer	CST	199.99	158.00	41.99	21.00%
Engine	parts	BST	1,550.00	914.50	635.50	41.00%
Aftermarket		MRS	850.00	425.00	425.00	50.00%
Accessories		All	925.00	592.00	333.00	36.00%
Service labor		income	685.00	-0-	685.00	100.00%
Total			\$6,669.96	4,026.39	2,643.57	39.63%

cost centers that impact the bottom line: 1) inventory and 2) cost of doing business. Are you paying too much, or have too much invested in your inventory? To determine the answer you'll need an inventory stock status report, plus how much was spent purchasing inventory from the general ledger.

When reviewing your end-of-month/year report, look for excess, wrong mix, obsolete accumulations, shrinkage, failure to file warranty claims, and the list goes on. Excess inventory is a major cause for failure.

Profit Principle No. 3: Gross Profit Dollars

At the end of the year, after subtracting the cost of goods/inventory from net sales dollars, what's left is gross profit dollars. This is your discretionary income.

Profit Principle No. 4: Operating Expenses

You must be vigilant to prevent the cost of doing business from costing too much. From gross profit dollars all expenses associated with operating the business must be paid. Money left over after paying for operating expenses is pretax net profit, or the bottom line. If you want a respectable bottom line, from your general ledger side of accountability, take control of your spending habits by using a budget. Budgets work every time they are used. General ledger accounting software for tracking deposits and writing checks is a must-have technology asset. I seldom leave my office without knowing my balance, expected receivables and what bills must be paid. Excessive operating cost is a major cause for failure.

Profit Principle No. 5: Pretax Net Profit

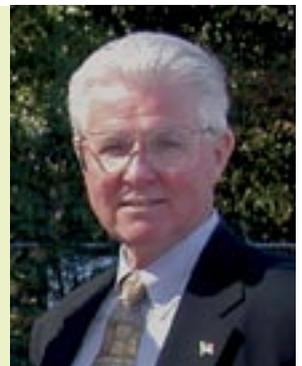
This is the money left over after paying for operating expenses. From these dollars you must pay income tax, debt burden, saving for rainy-day account, provide for business growth and personal return on business equity.

If you are in the habit of borrowing money at the end of the year to pay operating expenses, you can change this by investing at least 30 to 45 minutes each day studying the critical numbers, understanding what they mean and then use them to increase profits.

As a business coach and consultant, we have assisted many dealers across North America with changing the profitability and growth of their business. If you are not satisfied with your bottom line, give us a call. We specialize in strategic business planning for outdoor power equipment retailers. 

About The Author

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Saving steps

Laptop computers help technicians boost billable hours.

By Gregg Wartgow

In 2003 Roland Cahall of Cahall Bros. Inc. purchased a few laptop computers for use in the dealership's 90' x 200' service department. He purchased a few more the next year. He's decided to go all-out this year. So far, he's glad he did. "The increase in shop efficiency has definitely paid for the investment in the laptops," Cahall says. "If you can save a technician time and steps walking around the shop, you're going to save money."

Cahall Bros. certainly has saved technician downtime—and money. There are 12 service technicians between the dealership's agricultural and consumer products divisions. Each has his own laptop computer. Now, instead of having to walk 100-150 feet to the service library, each technician can look up parts and service information right in his service bay.

Cahall estimates that each technician has reduced his downtime walking to and from the service library by at least 25%. That translates into more billable hours, which translates into more revenue and profit for both the service department and technician. "With a wireless laptop computer in his service bay, the technician has critical parts and service information right at his fingertips, enabling him to spend a lot more time working on equipment," Cahall says.

"If you can save a technician time and steps walking around the shop, you're going to save money."

— Roland Cahall

Time to network

When Cahall made the decision to give each of his 12 service technicians a laptop computer, he also made the decision to set up a network for the service department. Before, when there were only a few computers in the service department, Cahall simply loaded the parts and service catalogs individually onto each computer. But now, with 12 computers up and running, loading the catalogs individually would take way too long.

Setting up a network proved to be much more time-efficient. Instead of having to load the catalogs onto 12 computers, Cahall only had to load them onto one server. Then he had to network all 12 computers to that server. Quite the computer guru, Cahall says this wasn't a terribly time-consuming task, at least not as time-consuming as loading the catalogs 12 times on 12 computers would have been. "I'd say that if you're going to be running at least six computers in the shop, it's a good idea to set up a network," Cahall advises.





Setting up a network wasn't all that costly, either. "We bought a 300-gig external hard drive solely for our service department network," Cahall points out. "That way our dealership's overall computer system wouldn't be slowed down. We also invested in a LINXS network device. Combined it was less than a \$500 investment."

The other investment was for the laptops. Cahall says he works with his major supplier, John Deere, to purchase all his computer equipment. "We've been using HP Compaq computers," Cahall says. "They've been very reliable. And they offer great packages."

You may want to check with your equipment suppliers and/or business management providers to see if there are any pre-existing relationships you can take advantage of to get a better package or discount on computers and related equipment.

Total integration

As a large John Deere dealership, Cahall Bros. uses the John Deere Information System (JDIS) as its overall business management system. "For John Deere parts and service information, technicians actually search an Internet site called John Deere Service Solutions," Cahall explains. "As for Stihl and our other equipment and engine lines, they're searching catalogs we've loaded onto our network, such as PartSmart and Stihl's media cat."

Each of the parts lookup functions Cahall Bros. utilizes is integrated with the JDIS. "A technician can look up a part, and then jump over to JDIS to see if we have the part in inventory or if our service administra-

tor has to order it," Cahall explains. EDITOR'S NOTE: Most leading business management systems designed for outdoor power equipment dealers also interface with PartSmart and/or other electronic catalogs.

The technicians at Cahall Bros. have really taken to their personal laptops and have adjusted almost flawlessly to the new procedures. Of course, any time you introduce something new to a process, especially when it involves technology, there is going to be a bit of a learning curve. Cahall says he's been lucky. "Most of today's technicians who go to update schools, and especially the younger technicians just entering the industry, do have some computer background. It wasn't difficult for our technicians to get used to this." **YG**

Roland Cahall is the aftermarket manager/general manager of Cahall Bros. Inc. He's partners with Kyle Cahall, who acts as sales manager/general manager. Founded in 1953, Cahall Bros. has locations in Georgetown and Amelia, OH. Visit www.cahallbrosinc.com for more information.

Top: The Cahall Bros. showroom in Amelia, OH

Bottom: Cahall Bros. in Georgetown, OH



High-Tech

Advances in technology require strong commitment to service training.

By Eddie Anderson

The equipment in this industry certainly isn't as "basic" as it once was. Neither is the training required to service it. Nowadays, you can't go to a service school, listen to someone talk for a couple of hours and get a certificate. Engines and the products they power have become more high-tech, demanding new approaches to service and a commitment to ongoing training.

Engines and the products they power have become more high-tech, demanding new approaches to service and a commitment to ongoing training.

When I talk to veteran dealers who attend my service schools, I hear over and over again, "This is not the same equipment we worked on 20 years ago." Today we have carburetors with accelerator pumps and multiple check valves, hybrid two-stroke/four-stroke engines like the STIHL 4-MIX®, stratified scavenging, and lots more.

Evolution in progress

When I teach at service schools, I like to take a historical look at the evolution of the two-stroke engine. Twenty-some years ago, a two-stroke engine ran at low rpm, had reed valve induction, was usually a cross-scavenged design, and typically lost as much as 25% of the fuel put in the gas tank straight out the muffler. That was how early two-stroke engines were designed. It was not long, how-

ever, before manufacturers recognized that the efficiency and performance of the two-stroke engine would have to be improved. Designs changed, from cross-scavenging to loop-scavenging, from two ports to four ports, and opened ports to closed ports.

Clearing the air

The need to meet increasingly stringent emissions standards, something everyone agreed was necessary, was the next technological challenge. The need to lower emissions and increase fuel efficiency pushed manufacturers to make these developments even faster—and at no small cost.

EPA Phase 2 standards, which went into effect in 2005, require that engines in the 20cc to 50cc range emit less than 50 grams per kilowatt hour (g/Kw-hr) of measured emissions. Engines over 50cc are at 96 g/Kw-hr for 2006, and in 2007 they drop even further to 72 g/Kw-hr. From the data I've seen, these standards will hold through 2010.

The EPA allows manufacturers to use "corporate averaging." This means that the manufacturer is



compliant as long as the average measured emissions for all units meet the standard. A manufacturer can continue to sell a unit that has emissions above the standard as long as other units keep the average below the standard. The goal is, of course, to eventually have every model meet the standard.

High-tech, automotive-style features

One of the results of the implementation of these standards is the appearance of automotive-style technology in the outdoor power equipment industry.

One example is the catalytic converter in the muffler, which provides an effective way to lower emissions by as much as 70% without having to do much else to the engine. The disadvantage of this approach in the outdoor power equipment industry, especially in regard to handheld equipment, is that it adds cost and weight to the machine, and does not improve fuel economy or horsepower.

A technician doesn't have to invest a great deal in order to have what he needs to do his job ... what is a necessity, though, is knowledge.

Many manufacturers, including STIHL, are concentrating efforts to address emissions at the source, which is in the combustion chamber, thus cleaning up exhaust and offering fuel-efficiency while delivering an excellent power-to-weight ratio.

Another example is the ignition module. Years ago the spark plug fired because the engine had points and a condenser, along with a fixed timing point. Then manufacturers got away from points and a condenser and went to what's called a CDI (capacitor discharge ignition). That gave us a cleaner, hotter spark without any points, added maintenance, etc.

Now we've taken another clue from the automotive industry and have put a microprocessor with solid-state circuitry in the ignition module. Microprocessors started



STIHL'S 4-MIX® is a hybrid two-stroke/four-stroke engine.

showing up five or six years ago, and they continue to get more sophisticated every year. When we first introduced a microprocessor, it had one or two steps of timing. Now, some engines have three steps of timing advance as the engine accelerates and a rpm limiter to prevent the engine from over-revving. As time goes by, it just gets more and more sophisticated. Ignition modules can now change the timing based on rpm, helping to lower emissions and making the engine easier to start, and improving fuel economy and power. It's amazing to think that this type of technology is on a chain saw or string trimmer.

However, these modules are not serviceable. All you can basically do is diagnose them. Currently there is really no tester that exists for them, in part due to the sophistication of the microprocessors and the continual advancements occurring in this area.

A technician doesn't have to invest a great deal in order to have what he needs to do his job. Of course, he needs a basic set of hand tools. Also, STIHL does recommend some specialized testing tools, such as a crankcase pressure and vacuum testing set, and a differential leak-down tester for four-stroke engines such as our 4-MIX® hybrid engine.

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The need for training

Other than that, nothing really out of the ordinary would be a necessity. What is a necessity, though, is knowledge. And knowledge is best attained through ongoing, hands-on training.

I'm pleased to say that a good percentage of the technicians in my classes are from the younger generation. That's been very refreshing to me. Most of these technicians are very computer-savvy, which helps them become more efficient. Strong computer skills enable today's technicians to quickly look up parts, shop manuals and other service information.

Knowledge is power, especially these days, as technology continues to play a bigger role in the outdoor power equipment industry.

The rapid technological advances in computers and equipment are exactly why STIHL chose to launch the STIHL Service Advantage training program a few years ago. This three-level training program is designed to help dealers and their service technicians attain the knowledge and skills necessary to handle these new technologies and be successful in today's highly competitive environment.

Dealership employees can take a bronze and a silver class that is taught by our 12 distribution centers across the country. For the gold level training, however, technicians must come here to our Virginia Beach facility. They go through three days of intensive training from 8 a.m. to 6 p.m., which includes three hours of testing on the final day. If they pass they become a factory-certified technician. They keep that status for three years, at which time the technician can re-certify for three more years by attending a one-day class.

Our distributor partners have trained over 7,000 dealer personnel at the bronze level and over 3,500 at the silver level. Here at the STIHL factory in Virginia Beach, we've trained and certified roughly 350 at the gold level. It looks like we'll easily turn out another 250-plus this

year. My classes are booked full all the way through June. It's great to see that so many dealers and technicians in the industry are recognizing how important training is. Knowledge is power, especially these days, as technology continues to play a bigger role in the outdoor power equipment industry. 

About The Author

Eddie Anderson oversees The STIHL Service Advantage program. Prior to joining STIHL Inc., Anderson was a vocational instructor of automotive mechanics. He has experience owning and managing dealerships, and also worked for an equipment distributor.



While distance-based learning can't fully replace the face-to-face classroom experience, it offers an alternative when time or budget doesn't allow for outside training. Manufacturer-specific programs, such as STIHL iCademy, can also be used as advanced preparation for classroom training, such as the STIHL Service Advantage program. See story on next page.



Bringing the classroom to you

Distance-based learning saves time and money.

By John Keeler

In today's fast-paced world, it is difficult to make time for the basics of business, much less training. While everyone understands that training is important, it's not always feasible, due to schedules and costs, to send every employee for off-site, classroom instruction or to get such training yourself. Why not consider bringing the training in-house? It is as close as your computer.

Learn at your convenience

Distance-based (or online) learning brings the "classroom" to you. There are many established technical and educational institutions that offer courses online and even degrees that can be earned online. Options may include instructor-led courses that incorporate interaction within an online "classroom" setting or self-paced, independent study courses.

Online learning programs have been successful in many other types of businesses, including real estate, construction, landscaping and even aircraft maintenance, and have also been implemented by some outdoor power equipment manufacturers, including STIHL. These programs allow you and your employees to stay on the cutting edge with manufacturer-specific product training and best business practices—all while you sit at a computer at the office or at home and learn at your convenience.

Another advantage of online courses is that dealers and their employees can be assured they are receiving the most up-to-date training modules offered. OPE manufacturers that offer this service are constantly updating their programs to keep pace with technological advances and changes, and the message is consistent for everyone. It also allows you to provide deeper training within your organization without sacrificing productivity, since all employees can participate and they aren't going off site for their training.

How it works

Typically, here's how a program works. An employee logs on with a unique user name and password from any computer and studies the course material. After an employee reviews a training module, he is quizzed on his retention of the material and his test score is logged, so you can review his progress. The employee can retake

the test as many times as he would like to receive the maximum understanding of the module's subject matter.

The key to this type of training is making sure the "student" not only knows the information, but thoroughly understands it. Some programs do this through a "remediation" module. If a student misses a test question, he is taken back to the module to review that subject matter again, then is retested on something else in the module or asked the question in a different way. Other programs have the student simply re-take the test. But when he submits his answers, he is told which questions he missed, so he can focus on those when going through the module again. In any case, the repetition offers a clearer understanding of the coursework.

While distance-based learning can't fully replace the face-to-face classroom experience, it offers an alternative when time or budget doesn't allow for outside training. Manufacturer-specific programs, such as STIHL iCademy (see photo on previous page), can also be used as advanced preparation for classroom training, such as the STIHL Service Advantage program.

Ask your distributors if this type of training is available to you and investigate other online resources, as well. It's cost-effective and offers the fastest solution to keeping your staff up to speed with the latest information. If you can't go to the classroom, then the "classroom" must come to you. 

About The Author

John Keeler is the National Training Manager for STIHL Inc. He has over 43 years of outdoor power equipment industry experience, the last eight with STIHL.



The new media and e-based marketing

A strong e-marketing program could be key to building and fostering relationships with today's more choosy consumers.

By Jim Riley

No one really knows what the future face of advertising and media-based marketing will look like. The problem lies in the fact that the “new media”—which will combine elements from all media—is still being invented.

The one element that appears to be common about the new media is the idea of individual choice. Traditional mass media was just that: a single, static message was delivered “en-mass” to all viewers, listeners and readers. Today’s consumers continue to use traditional media to get at content—but they insist on choosing content from within the ocean of material available—and thereby are forcing the media to reinvent themselves.

The one element that appears to be common about the new media is the idea of individual choice.

- Consumers TiVo television (digital video recorders), then watch all or parts of programs when they want to watch them.
- Consumers have satellite radio and MP3 players; they literally program their own “radio stations.”
- And of course, the Internet is the ultimate expression of individual choice in media—adding the ability for interaction with and within mass media.

Opportunities abound

So, what’s it all mean? Not sure, but along with challenge comes great opportunity, and there has never been more of both for outdoor power equipment dealers than there is today. Keep in mind one very important trend (and this is my own theory):

Because of computers, more and more Americans are spending more and more of their time in some sort of “virtual reality.” This is especially true at work. As a nation, we do less and less work with our hands; a huge percentage of the work force spends a greater amount of time facilitating their jobs with a computer. And, while this tends to be efficient, it is creating a great desire for physical fulfillment of tasks for more and more people.

That is why homescaping continues to swell as America’s greatest pastime. Homescaping is anything to do with work around the home: simple repairs, landscaping and projects, gardening and growing. Just a generation ago it would have been considered goofy for people like me to spend thousands every year on everything from rocks to mulch to water features—much less to own a small tractor and core aerator and garage full of handheld equipment. And yet I do, and there are a lot more like me. We enjoy doing work that has a beginning, middle and end. Working in our landscapes and on our homes has become a primary form of recreation. And that is going to be the trend for the next 50-plus years.

Smart outdoor power equipment dealers are going to develop a relationship with me. Over the course of the relationship, they are going to realize many thousands of dollars in income. Of course, the relationship will be based on great customer service and outstanding products. But the relationship will be facilitated and fostered via e-based marketing.

The Internet is at the core

Isn’t it strange how these new eras in marketing can just sort of sneak up on you? You work hard every day, spend 20 years building a business, and yet it seems you turn around twice and read that Internet advertising revenue is about to lap the money spent on broadcast television. Then someone shows up at your shop and explains why your Internet URL is more important than your Yellow Pages ad. Bam!

OK, so what does the fact that major marketers like P&G, Toyota and Nestle are pulling millions from traditional media and putting it into Internet marketing (e-marketing) have to do with your independent, servicing dealership? Admittedly, when I read about national trends and then try to apply the info to my small business, I often just take a couple aspirin and go back to work. But e-marketing is a reality, and there are millions of Americans (especially those who've never known a time when there wasn't Lowe's and Home Depot), who are establishing their lifelong approach to shopping and buying with the Internet at the center of the scenario. It is a reality that good small business owners cannot and will not ignore.

Getting started with a plan of action

I think dealers can use the Internet and new media to efficiently market service, significantly deepen relationships with customers and sell more products. And, like any business initiative, the effort means investment, dedicated resources and practice. But it is important to get started—to outline a plan of action, budget the resources and start getting it on.

Begin by utilizing existing resources: a computer-savvy staff member and your current customers. Put a staff member on task, and install a mechanism for gathering needed information (such as e-mail addresses) and for getting permission to e-correspond with the customers. Keep in mind that some customers might prefer a phone call for service reminders. But it doesn't hurt to give them options.

www.fbspaulding.net

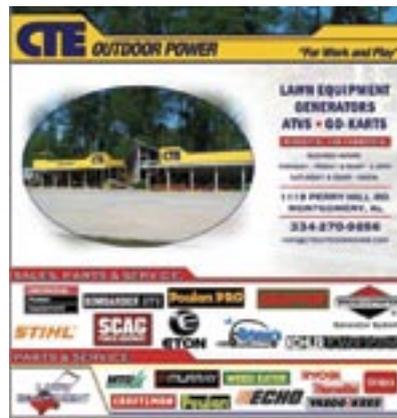


I don't think you'll have much success implementing a program until it becomes part of somebody's job; preferably a part of his or her job that helps determine pay and/or a performance bonus. By the way, this is true for any sort of marketing. Create a marketing department and have regular meetings to plan and work this vital area of your business. (You can't "wish" change into existence. Implementing any significant change in business requires tactics.)

Establish method for collecting e-mail addresses

I think it is a very valid assumption for dealers to view any customer as their customer, and as such, someone you want to build and foster an ongoing and interactive

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www.cteoutdoorpower.com
www.fletchersalesandservice.com

Here's a sneak peak at the home pages of a few outdoor power dealers who are making good use of Web sites to help promote their businesses.



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relationship with. I would suggest that you launch your e-marketing effort by installing a mechanism so that it is very easy for all existing and new customers to provide you with an e-mail address for communications. In doing so, you establish the basis for permission marketing, which is a very positive move for any business. For example, "Would you like us to contact you via e-mail with service reminders, seasonal and equipment specials and other useful information?"

Millions of Americans are establishing their lifelong approach to shopping and buying with the Internet at the center of the scenario.

As I stated earlier in this article, the one element that appears to be common about the new media is the idea of individual choice. Today's consumers are very media-savvy, and they are very good at seeking out information and entertainment specific to their needs and wants. When you start entering information, you might want to create a database that includes relevant information. For example, "The customer is interested in an annual service arrangement that includes equipment pick-up and delivery. You may also want to create e-correspondence that combines general or common information with customer-specific material.

Create a manageable, consistent program

Here's an important warning: "Newsletters" (whether printed or electronic) can quickly become monsters in terms of devouring content. Keeping a Web site vital with new content can be even worse. So I offer a word of caution: Don't paint yourself into a corner that says "We're going to publish a monthly newsletter." You will wear yourself out trying to come up with material, and it will seem that you're working on the thing every other day.

I would suggest creating a program around your business and the seasons, maybe six communications a year. Consider creating a one-page e-mail, with links to your site or manufacturers' sites. By the way, another start-up exercise for e-marketing is to make sure you are taking advantage of everything available from key

suppliers (Stihl's PowerChord program comes to mind). While e-marketing materials from suppliers may weigh heavily toward their products, any marketing effort translates into time and money. When you can use someone else's time and money you have to consider the option carefully.

Whatever form your program takes, know that it will only succeed if you work it. You have to invest time and money into any program, and realize that it is going to change and evolve. Keep an eye out for other examples of small business utilizing technology to facilitate marketing.

Stay open to ideas like reciprocal Web site links with related businesses, such as a nursery or greenhouse. And keep an ear to what your key suppliers (your business allies) are doing and providing as far as e-marketing support and tools to better utilize technology in your dealership. For example, an exciting program about to be launched by Stihl is providing dealers with Motion POP, long-running videos that bring the products, brand and servicing dealer attributes to life.

The new era of outdoor power equipment marketing will be influenced, if not defined, by technology inside the dealership and media outside the dealership. And the fact remains that as a small business owner, you are the captain of your ship. You are responsible for the future of your business, just as I am responsible for the future of Red Letter's. It's a wild world baby. While we all have allies, small business owners have to paddle and navigate their own boats. With that being said, let me add that, "come on in—the water's fine!" 

About The Author

Jim Riley of Red Letter Communications Inc. has worked with Stihl Inc., as well as several Stihl distributors, for more than 10 years. He specializes in translating national advertising campaigns into tools that distributors and dealers can utilize in their local advertising and marketing.



Hold the phone

Five things to consider before buying a telephone system

By AllBusiness.com

When shopping for a phone system, you have three choices: a key system, a PBX system, or a hybrid, which is a cross between a key and a PBX. Key and hybrid systems are suitable for most small businesses, but if you want to use an auto-attendant to route incoming calls, you'll need a hybrid or PBX system.

A phone dealer can help you choose the best system for your business, but you should understand the basics before you invest in costly telecommunication equipment. The following list will help you evaluate your telephone system options.

A phone dealer can help you choose the best system for your business, but you should understand the basics.

Size

The number of lines and extensions you'll need will determine the size of the system you'll buy.

Modularity

It makes more sense to purchase a modular system that will grow with your business rather than an inexpensive system that you'll quickly outgrow and need to replace in a year or two.

Price

It's difficult to estimate phone system prices because the total cost depends on installation charges, the type of equipment you select and the options (voicemail, wireless headsets, etc.) you choose. Generally, key system prices range from \$160 to about \$600 per station, PBX systems cost between \$400 and \$600 per station, and hybrids fall in between. Get quotes from a number of suppliers before you make a decision.

Products

Telecommunications experts usually recommend buying popular brands over buying obscure brands. Not only is it easier to find dealers that can provide support and system upgrades for popular brands, but it also will be easier to find a new dealer if you become dissatisfied with the dealer who originally sold you the system.

Features

Base your feature selection on how employees will use the phone system and how calls get routed through your business. The most common features include:

Call forwarding. With call forwarding, you can program a phone system to forward a call to another extension if the first extension is busy or not answering.

Call waiting. Many systems provide a signal when the user is on the phone and a call comes through on another line.

Hold allows you to park a call until it can be transferred or managed. Exclusive hold lets only the person who places the incoming call on hold retrieve that call.

Speakerphone. Check the sound quality of this hands-free feature before you choose a model. Speakerphone quality varies drastically from product to product.

Speed dial. A standard feature on most phone systems, speed dial allows users to store frequently called numbers and access them at the push of a button or two.

Voicemail. No business telephone system should be without voicemail. But if this capability isn't included with your current phone system, you have other options available besides purchasing a new system. Consider one of the many third-party voicemail products on the market. 

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Technology is coming to town

You better not sell on price.

By Bob Janet

Text from the “60 Minutes” TV program, January 2, 2005. Lesley Stahl reporting. Interview with Google executive Marissa Mayer:

STAHL: What do you think is next? What do you think their next big breakthrough is likely to be?

MS. MAYER: I think it can be summed up in “Search will no longer live only on your PC.”

STAHL: Google is already moving that way. It’s testing a new product that allows people to send short text messages from their cell phones and get an immediate reply.

MS. MAYER: You could do a search for, say pizza in New York, and see all the pizza places you could go in New York and ...

You must give the customer the perception that he or she is the most important person in your life.

STAHL: But right on my phone while I’m on the street and hungry.

MS. MAYER: Exactly.

STAHL: This isn’t just an idea; an early version is already out. Anyone with a text-messaging cell phone can play with it for free. And if that’s not science fiction enough, on the not-so-distant horizon.

MS. MAYER: The ability, for example, to have a device which is in your pocket which looks like a phone and you go to a supermarket and you see, oh, a potentially, you know, overpriced box of pasta; you take that device and you wand it over the product code and you see comparison prices from Google of three other stores that are within a mile. OK? That’s power. But that’s search, but no one has quite figured out that that’s also the future.

Power to the buyer

That’s right, your customers will be able to find a lower price without leaving your store, without walk-

ing away from the item they want to purchase. If you allow price to be the determining factor, you will have to always be the lowest price and make the lowest profit—if you even make a profit.

You better know how to sell:

- The services that cause the customer to pay a higher price
- The services that allow the customer to perceive a higher value for paying a higher price.

You know as well as I that people will spend a dollar on gas to save a dime. We also know they will spend a dollar instead of a dime when they feel they are receiving service that gives them:

- **Time savings.** Business names with words like “Quick,” “Jiffy,” “Instant,” “One-hour” and “Speedy” are common. Jiffy Lube International, which offers a 10-minute oil change, has grown to more than 1,000 outlets. Even overnight mail is not fast enough for the buying public. Fax machines and e-mail are now widely used to transmit documents across the country in seconds. Your customers constantly patronize fast food restaurants, drive-through banks and drive-through car washes.

- **Control.** People buy and buy more when they feel they are in control.

- **Piece of mind.** Reduce the stress of buying, and people will pay a higher price.

So what do you do?

You become 100% customer-centered. Everything you say and do must be about and for the customer. You must give the customer the perception that he or she is the most important person in your life.

An example from a candy store:

I was helping a manufacturing business located in a small town in South Carolina increase sales and I was staying at the only hotel in town. The hotel was located on Main Street, directly across the street from two candy stores, separated by an intersection. As I ate my dinner every evening on the hotel deck, I watched as 12 to 18 children rode their bicycles into town and parked in front of the candy store on the right side of the intersection. They would enter the store and exit a bit later, each holding a small white bag of candy. For three evenings

in a row I watched them purchase candy from the same candy store, the one on the right, never going into the candy store on the left.

On the fourth evening my curiosity got the best of me. I crossed the street and asked two boys, I guess they were around 10 years old, "Why do you buy your candy from this store and not the one across the street?" They replied, pointing to the candy store across the street, "They take our candy away from us!"

Well, I did not understand this so I entered the store where they purchased their candy and told the lady behind the counter that I would like a half pound of dark chocolate. She put one of those clear plastic gloves on, for sanitation, picked up a small scoop and began to scoop chocolate onto her big scale until the pointer hit a half pound. I paid her and left.

I then walked across the street to the other candy store. Once again I ordered a half pound of dark chocolate, which was two cents less expensive at this store. Once again a lady put on a clear plastic glove, picked up a large scoop, scooped a large amount of dark chocolate up, placed it on the scale and then began to take the chocolate off of the scale until the pointer went down to a half pound.

Perception: "They take our candy away from us!"

You cannot be the lowest price and prosper. You do not have to be the lowest price if your business is 100% customer-centered and everyone in your business builds relationships with your prospects and customers that are based on what is in it for them, the customer, to do business with you. 

About The Author

Bob Janet, sales consultant/trainer, speaker and author of "Join The Profit Club," combines 38-plus years as owner/operator of professional, retail, manufacturing and service businesses with his unique teaching and storytelling ability to motivate, educate and inspire business professionals of all levels and all industries for increased sales and profits through consulting-training and keynote speaking. Contact him at: Bob Janet, 800-286-1203 or 704-882-6100, e-mail him at Bob@BobJanet.com, or visit his Web site at www.BobJanet.com.



More effective software training

Ditch the classroom.

By Brian J. Nichelson, Ph.D.

With each software upgrade or replacement your dealership undergoes, it's critical that employees handle the transition as seamlessly as possible. Failure to do so often results in a drop in productivity as well as possible long-term employee frustration and resistance to the new software.

Many organizational leaders believe that classroom training prior to the software implementation is the best way to maintain high productivity. Unfortunately, classroom software training is expensive, and it is seldom as effective as many people think. In fact, depending on which report you read, studies show that people use only 10-30% of what they learned in the classroom once they get back to the job.

Other concerns revolve around what to do with new employees who come aboard after the formal training sessions. Do you send them to outside training, or do you wait until you have enough new hires to justify bringing a trainer into your organization? Either option means an additional expense for the organization. Worse yet, while people wait for training, their productivity is on hold. So whether you send them out or bring training in, your costs are continually climbing.

The problem with classroom training

Structured classroom training doesn't stick because it seldom includes enough hands-on time, because it takes place at a time convenient for the trainer instead of the learner, and because learning and using new software is a very personalized process. Additionally, some users may have a false sense of confidence after completing the classroom training that lulls them into thinking they don't need continued study and practice.

Any type of software training works best when it's customized to the learners. For example, if you've ever looked over someone's shoulder while he or she used an application (Word or Excel, for example), you probably noticed that the person did many tasks in that

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application differently than you. Some people prefer keyboard shortcuts, for example, while others rely more on the mouse, yet others like a mix of the two.

In short, there are usually two or three ways to accomplish any task. Because of this, learning to use new software is highly individualized, which is precisely why most classroom software training misses the mark. Classroom training can't possibly accommodate the wide range of learning styles and user preferences that you'll find in any typical room full of people.

Learning on the job

What leaders need is a way to give each employee quick and easy access to information, tools and other resources that will provide assistance, training and guidance while the employee is performing the job. The goal is to help individuals find the answers they need in five minutes, instead of the typical scenario of several co-workers being tied up for an hour or so as they look through training manuals, call the Help Desk and consult with each other.

Most likely, the software you purchased includes many of the resources your employees need. At worst, you might have to pay a bit more to have some features added to your new software, but they will pay for themselves quickly. Such training tools are becoming more common in all software (not just Microsoft Office products), and they're becoming more effective. By encouraging your employees to get training and support on topics they need, when they need them, your organization will accomplish more. Additionally, you'll have motivated learners who will retain more information in less time away from the job.

As you shop around for new software solutions, look closely at the availability and the quality of the following types of resources. They should be significant factors in your decision.

The Help feature. Few programs do not have Help, but the quality varies widely. The better ones have multiple ways of accessing information. Microsoft Word, for example, has Contents, Answer Wizard and Index. These allow for a great deal of flexibility and accommodate different learning styles.

The Tour feature. Not every application has this feature, but when it is available it gives a good overview of what the application does and how it differs from earlier versions.

The Tutorial feature. Tutorials show (and sometimes tell) you how to do a task and then let you practice that task—a very sound instructional technique. The user can

select only those topics he or she needs to learn at the time. The tutorial then shows how to perform the task while a voiceover talks you through it. If you are interrupted or called away, you can pause the program until your return.

The product Web site. Many software developers provide tips, answers to questions, troubleshooting, and sometimes even training modules on their Web site. You may have to pay for the latter, but the instant accessibility is well worth it in terms of minimizing your employees' time away from the job.

Have a plan

As soon as you decide to start looking for new software, you also need to start thinking about how you are going to maximize productivity and minimize resistance and frustration when you implement it. Here are a few guidelines:

- Use vendor training when it's offered (or required) as part of a package deal, but don't stop there.
- Provide an overview of the tools available to the end-users, as well as written instructions for accessing them (laminated cards work well). You may ask that this overview is incorporated into the vendor training, or you may want to develop and present your own.
- If you customize the application, spend a few more dollars to customize the Help features. Nothing is more frustrating than finding Help instructions you can't follow because you've been locked out of certain features or because the program has been changed significantly in that area.
- Create an atmosphere that encourages learning on the job. All the tools in the world won't do you any good if your employees aren't encouraged to use them on the job.

By taking this approach to software training, you'll ensure a smooth transition and minimal disruption to the flow of work when you load new software. You'll also put yourself in an excellent position to train employees who join your organization after the initial software rollout. The easier you make software training for your staff, the quicker they'll master the skills and increase their productivity. 

About The Author

Brian Nichelson, founder and executive director of the TechMatters Institute, consults with organizations who want to maximize the technology in their workplace. You can reach Brian at 281-997-8553 or send him an e-mail at brian@techmattersinstitute.com.

A strategy to stop Web-thieves

Avoiding credit card fraud on your small business Web site

By AllBusiness.com

If you do business on the Web, you should be concerned about credit card fraud. With identity and credit card theft running rampant, you need to assure your customers that you are committed to protecting them from fraudulent transactions.

While it's probably not practical to screen every single transaction that goes through your processing system, there are steps you can take to make sure that you are not accepting stolen or fraudulent credit cards on your small business Web site. Here are just a few.

Cyberthieves often use free Webmail addresses from providers like Yahoo and Hotmail, so view these addresses with suspicion.

- Require a credit card verification number on all purchases. Also referred to as a CVV (card verification value) or CVV2, this three-digit number is located on the back of every Visa and MasterCard. Requiring a CVV cuts down on fraud from stolen credit card statements or numbers that are plucked off of the Internet. However, if the thief actually has the credit card, requiring the CVV won't help.

- Use an account verification system. Also known as AVS, this system checks on the billing address of the card to make sure that the ZIP code and other information matches. This can greatly decrease credit card fraud as long as the thief does not have access to the card holder's billing address.

- Be skeptical of "throwaway" e-mail addresses. Cyberthieves often use free Webmail addresses from providers like Yahoo and Hotmail, so view these addresses with suspicion. Of course, the vast majority of people who use these providers are legit, so don't paint all Webmail users with the same brush. But if something does not feel right about a transaction, this can serve as a warning flag.

- When in doubt, contact the customer. If you suspect something is amiss, contact the customer to confirm the order. If the information is correct, there is no harm done. However, if the phone number does not work, or the person on the other line seems unduly nervous, you can cancel the transaction before any harm is done.

- Look at billing and ship-to addresses. Although this is not a foolproof screening method, if the billing and ship-to addresses are radically different, beware. Sometimes addresses are different because buyers would like the item shipped to their office or shipped somewhere else as a gift, if the addresses are in different states, proceed with caution.

- Hire a fraud-prevention service. If you are concerned about credit card fraud, there are many different companies that can help you ensure that you are not processing any fraudulent transactions.

CyberSource offers a service called Payer Authentication, which takes advantage of the Verified by Visa and MasterCard SecureCode programs. Card issuers are working very hard to ensure that their customers are protected, and you can partner with them by using these programs. If you prefer to have a third party help you with these programs, this is a great way to participate.

ClearCommerce also offers several different types of fraud-detection services. They participate in the Verified by Visa program and offer an advanced AVS system. These solutions are scalable and can be integrated with your current processing methods.

EDITOR'S NOTE: These are also good safeguards for taking phone orders, as well. Be sure to follow the product manufacturer's policies for both Internet and phone order sales. 

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The digital invader

Protecting yourself against viruses

By AllBusiness.com

Your computer can fall victim to many destructive events: power surges, coffee spills, a failed hard drive or worse. But your computer is also susceptible to a digital invader called a virus.

A virus is a program that attaches itself to another program and spreads from one file to another, causing varying degrees of damage. You may not even notice some viruses. But malicious ones can erase your data files, corrupt your applications, cause your computer to crash, and in certain cases, render your hard drive completely useless.

Avoiding viruses

Viruses can be transmitted via e-mail attachments, so monitor your in-box for suspicious messages. If you don't know the person who sent you a message, don't open any attachment that came with it.

You can't get a virus from simply opening an e-mail message, but your e-mail client may be configured to automatically open attachments, in which case you should disable that feature. Be especially aware of attachments with the suffixes .exe or .com. If you activate this type of virus, it can attack executable files, overwrite code and cause irrevocable damage.

Beyond keeping a watchful eye on your incoming e-mail, you should also be careful about using removable media, especially from unknown sources. Floppy disks, Zip disks and CD-ROMs can also transmit viruses.

Preventive measures

Without a doubt, the best way to protect yourself against viruses is to install antivirus software. These utilities will scan for many types of viruses and keep watch over your system files, boot files and data files.

Set your virus program to run a basic startup scan every time you turn on your computer and a full system scan every few weeks. Most antivirus utilities let you either set an automatic schedule for a full scan or do it manually. If the utility finds a virus, it alerts you and tries to disinfect the file. If the file can't be disinfected, you'll probably have to delete it.

It's also important to download updates to your

virus software so that it will recognize and protect you against the latest viruses. Keeping your antivirus software up to date greatly reduces the chances that you'll have to delete any files.

Responding to and recovering from a virus

Does your computer system seem to run slower than it should? Does it crash often and display error messages you don't recognize? Play musical tunes you've never heard before? If your computer acts like it's inhabited by ghosts, you may have a virus—a small, self-replicating program that invades your system through an e-mail attachment, a shared file or a floppy disk.

On the other hand, an unhealthy or overloaded system could cause some of these same problems—particularly sluggish performance. Your hard drive could just be running out of space, or you could have insufficient memory resources for the applications you're running.

So how do you tell the difference between a virus and a system problem? Generally speaking, if you notice sudden, unexpected behavior, like strange sounds coming from your computer or file names you don't recognize, you probably have a virus.

What are your options?

If you think you've contracted a virus, you have several options:

- Run antivirus software. Antivirus software costs about \$50 and is invaluable to your PC's health. Most utilities can be set up to scan your machine's memory when you boot up and alert you if it finds a corruption. It will also alert you when you try to open an infected file. But scanning isn't fail-safe, so if your computer behaves suspiciously, run the antivirus software over your entire system to find and repair the infected files.

- Replace files. If antivirus software can't repair the damage, your only choice is to delete the infected files and replace them with clean copies from a recent backup.

- Boot up from a clean disk. Some viruses attack boot records (initialization areas on floppies or hard disks) and prevent you from even starting your computer. If your computer won't start or keeps crashing before you can open any programs, you obviously can't run the antivirus software. In this case, switch off your computer and start it up from a clean, write-protected boot disk. Your original operating system disk should contain a utility for creating an emergency boot disk. But be sure to create one before you run into this problem.

Viruses can be transmitted via e-mail attachments, so monitor your in-box for suspicious messages ... be especially aware of attachments with the suffixes .exe or .com.

- Run a disk-repair utility. After you start your computer from the boot disk, run a disk-repair utility. Both Mac and Windows operating systems come with a disk-repair utility that you can use for this purpose. Once you get the computer up and running again, scan your entire system with antivirus software.

- Reformat your drive. If running a disk-repair utility doesn't work, your hard drive may be damaged. In this case, use a disk-repair utility to reformat it and then reinstall your system software from the original operating system disk. **YG**

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Antivirus vendors

Antivirus products provide important tools for protecting your systems from computer viruses. Since new viruses are created every day, it is important to keep your antivirus product up to date. The following is a list of antivirus vendors who offer a variety of products and downloads to meet the needs of small businesses:

Aladdin Knowledge Systems
www.esafe.com

Central Command Inc.
www.centralcommand.com

Computer Associates International Inc.
www.cai.com

Frisk Software International
www.f-prot.com

F-Secure Corporation
www.f-secure.com

McAfee (a Network Associates company)
www.mcafee.com

Network Associates Inc.
www.nai.com

Norman Data Defense Systems
www.norman.com

Panda Software
www.pandasoftware.com

Proland Software
www.pspl.com

Sophos
www.sophos.com

Symantec Corporation
www.symantec.com

Trend Micro Inc.
www.trendmicro.com

Source: www.cert.org

Vulnerable to hackers?

Protect your network with a firewall.

Always connected to the Internet? While a dedicated high-speed connection is certainly convenient, without a firewall protecting you, it also leaves you vulnerable to hackers finding their way into your computer system.

What is a firewall?

Think of a firewall as a wall between your computer network and the Internet. Using firewall software, you can establish rules that determine which “bricks” you can remove from the wall to allow specific information both into and out of your company.

Having an unmonitored firewall can almost be worse than not having one at all.

There are two kinds of firewalls: software-based and hardware-based. Software-based firewalls consist of software that typically runs on a standard server, which is a high-end computer dedicated to performing one particular task. Hardware-based firewalls involve an out-of-the-box device that is already set up to serve as a dedicated monitor.

Setting up a firewall

You will want to employ a technical person to set up and maintain the firewall. Logs need to be monitored to check for unusual traffic activity and the software must be updated. The firewall should also be routinely tested to make sure it is performing adequately.

Having an unmonitored firewall can almost be worse than not having one at all as it may lull you into a false sense of comfort about being secure from hackers.

Choosing a vendor

Before meeting with vendors, get a sense for how the Internet is used in the office. Examples include e-mail, FTP (to transfer files), telnet, Web browsing, news-

group participation, remote access, video conferencing, Internet telephony and instant messaging. This will affect your firewall setup.

Most vendors prefer a particular type of firewall solution. To make sure it's right for you, ask lots of questions about how widely it is installed, what types of businesses it is best suited for and why they prefer that firewall over other options.

Also ask about the firewall vendor's support hours, the typical turnaround time for response, and the upgrade or patch policy.

Checking consultant references? Find out how much time the vendor spends defining what the security policy should be with previous clients, and how effective the consultant is in explaining the technical details. Probe for diligence by checking the amount of testing and follow-up the consultant performs.

Finally, learn how quickly the vendor responds in the event of a firewall crash, which will effectively slam the door between your office and the Internet.

What a firewall can't keep out

Keep in mind that firewalls aren't a cure-all for all potential threats, though. Computer viruses that come riding into your computer via an e-mail attachment cannot be stopped with a firewall. Neither can thefts of data by insiders who have access to various files and directories be prevented by a firewall. For those problems, you'll need other types of software to watch over the files.

Pricing

Annual costs for a commercial-grade firewall can easily run from \$5,000 to \$30,000 and then some, including set-up fees, maintenance charges and ongoing software updates.

It sure can seem like a lot to pay, but set against a worst case scenario of losing confidential information to hackers or careless employees, this investment can be a real bargain. 

Source: www.buyerzone.com

Leading dealers share tips on ...

... technician compensation plans, managing cash flow, product line selection, marketing the dealer advantage, serving commercial customers, and more

Employee Management

Tech compensation plans: billable hours

Glen Coulter of Norfolk Power Equipment Inc. in Wrentham, MA, and Burrillville, RI, has come to grips with the fact that maintaining and growing the bottom line is a constant vigil. One way to help ensure growth is to motivate employees by paying them incentives and commissions. Long a staple in compensation plans for the sales staff, Coulter is in the process of taking the idea to the shop floor for technicians.

“We’re just trying to come up with a simple formula of hours billed vs. hours clocked.”

— Glen Coulter

“You need to motivate people so they work to the best of their abilities,” Coulter says. “Obviously, with the sales guys, they get a percentage of the sale and that’s generally enough to keep them motivated, keep them in contact with their customers. The same principle is true in the shop. You’re paying these guys good money, and if there’s no incentive to keep working at a reasonable pace and not waste a lot of time, they’re not going to reap a benefit from it and maintain their motivation.”

Crafting a program for the shop has proven to be trickier than a sales commission plan. Coulter explains, “We’re putting it in place and we keep tweaking it. The plan in the shop is the hardest because we don’t need any more paperwork, per se. We’re trying to keep it as simple as possible. We’re just trying to come up with a simple formula of hours billed vs. hours clocked.”

The most workable plan that’s been developed so far, according to Coulter, consists of a base of between

70 and 75% billable hours, since Coulter doesn’t think anyone can work 100% because they’re either getting equipment out or waiting at the parts counter for a part or going to the bathroom. “That’s all dead time,” he says.

A technician who gets his or her billable hours up to 70 or 75% would be paid more of an incentive than one who is at 65%. Billable hours at or below 60% would not get a commission.

Coulter adds, “Guys can get up around there (100%) if they become real efficient—if a job’s supposed to take an hour and a half and it only takes an hour, that helps your billable hours.”

Tech compensation plans: dollars billed

When Roger Howe took over Pinard’s Small Engine Repair in Manchester, NH, he added an incentive bonus plan for the company’s service technicians. Under the plan, technicians are paid at an hourly rate and then get an escalating percentage based on the dollar amount they bill (see “The Pinard’s Plan” on page 24).

“It’s based on a percentage that we use for their total billable hours,” Howe explains. “If they bill \$1,100, they aren’t going to get as high a commission as when they

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Pinard’s Small Engine in Manchester, NH



would bill \$1,600,” says Howe. “It’s a rather elaborate system, but it’s taken me a long time to get it dialed in to where there is truly an incentive for that mechanic to work as hard as he can to fill up every minute of his day with billable repairs.”

Howe’s four service technicians had some reluctance at first, but they’re now supportive of the plan. It took a while to get to that point because it was a lot of trial and error based on how to eliminate double-dipping, and deal with jobs that were completed as opposed to jobs that were billed and paid for, according to Howe. “It took some time to get those percentages set and create the right computer report that was going to give us the information that we were looking for that was fair to everybody.”

“By having an incentive program that works for them (techs) and attaching a hard number to it, they have only themselves to blame if they’re not getting anything done.”

— Roger Howe

Howe says that because the commission is based on a hard number, and everyone knows the entire structure going in, it gives him ammunition to sit down with technicians and say, “Look, this is what you need to do to make your position here more valuable to me and more valuable to yourself,” he says.

Two things are crucial to making the plan work, he adds. First, technicians are left alone to service machines, though about 20% of their time is allotted for unloading trucks and loading customers’ machines into their cars. Second, Howe works diligently to bring in repair work. “By having an incentive program that works for them and attaching a hard number to it, they have only themselves to blame if they’re not getting anything done,”

The Pinard’s Plan

A weekly bonus is paid to Pinard’s service technicians based on the criteria below. At the end of every week, a report is generated that tabulates each employee’s billed labor for the time parameter that is set. For the purposes of making this calculation easy and fair, it will be done from the first day of the pay period (Monday) to the last day of the pay period (Saturday) each week. The total labor billed will be used to calculate the actual bonus earned.

The bonus rate is based on the following:

Percent of efficiency	Bonus rate
80% & up	7%
70% to 79%	6%
60% to 69%	5%
50% to 59%	4%

Actual efficiency is based on the following equation. In a normal 40-hour work week at a \$55 shop rate, the maximum billable total is \$2,200. Since it is unrealistic that anyone can bill 40 uninterrupted hours, the top rate of bonus is based on a more realistic possibility that 80% can be reached. 80% of \$2,200 is \$1,760. The percent of efficiency factor will derive from dividing the fixed labor figure of \$1,760 by the total labor billed.

Example 1: Fred has a report that shows he billed a total of \$1,227.20 for the entire week. Therefore, the employee’s total billings are then divided by the total possible billed, or $\$1,227.20 / \$1,760 = .6972$. This is an efficiency percentage of 70% and a bonus rate of 6%. The employee’s total bonus would be a gross of \$73.63.

Example 2: Charlie has a report that shows he billed a total of \$1,654.32 for the entire week. The equation would be calculated this way: $1,654.32 / \$1,760 = .9399$ or 94% efficiency. Charlie’s bonus would then be 7% of his total billable or \$115.80.

Howe says. “We literally leave them alone. They are not out on the counter selling parts, they’re not out on the floor selling machines and they’re not required to answer the phone unless it’s a last resort. There are people in place to allow them to do what they’re doing.”

Building a team you can trust

Don Schultz, owner of Schultz Small Engine in Portage, WI, has learned to let go a bit over the years. “Good help is No. 1,” Schultz says, “and I’m lucky to have very good help.” Some of the insight he has gathered over more than 25 years in the outdoor power equipment business:

- Be on the lookout for potential teammates. Schultz is active in the community and serves on the board of the local hospital as well as president of the Portage Area Chamber of Commerce. These contacts provide a prime networking opportunity for him to find his banker, accountant and potential employees. “Get integrated into the business community outside of your operation,” Schultz advises. “If you don’t, you won’t have good contacts and you’ll always be scratching.” Schultz also donates prizes for charity events that create awareness for his business. An example: a mower for a hole-in-one contest at a charity golf event.

Don’t sell young people short ... those coming up today have a good deal of street smarts and know how to deal with people.

— Don Schultz

- Find customer-oriented employees. At Schultz’s, the service technicians come up from the shop when the showroom is busy. “This place is more of a team (than many),” says 14-year veteran Kelly Yaktus.

- Develop good procedures and business practices, which should include the handling of paperwork, estimates, parts lookup and pulling, and customer care. “This helps ensure that everyone is on the same page and follows the procedures,” Schultz says. “That’s probably saved my butt.”

He tells the story of how he was away from the business dealing with an illness earlier this year; a customer brought in a lawn tractor that had defects. After several attempts to repair the machine failed, the crew gave the



From left: Bill, Dave and John Rosenberg of Bill's Power Center in Brookfield, WI

customer a new one. Schultz says, “Did I have to tell them to? No. Did they do the right thing? Absolutely.”

- Don’t sell young people short. Schultz believes that those coming up today have a good deal of street smarts and know how to deal with people. His team has been with him a long time, many starting when they were relatively young. Service technician Travis Lentz started part-time when he was in high school. Today, he is a valued and dependable member of the team, according to Schultz.

- Keep employees informed. Each spring, Schultz holds what he calls a “heart to heart” meeting with his team to set the direction for the coming year. “I make sure they get what they want and get their questions answered,” Schultz says. He says that this goes both ways. He tries to show an interest in his teammates as people. He’ll ask those who fish how they’re biting or whether they’ve had a good weekend.

- One of his favorite questions is, “How are we doing? Are we burning you out yet?” It might sound a bit flip, but Schultz says the answer and its tone let him know whether a step back is in order.

- Thank employees more. “I don’t think we (as dealers) thank them enough.” He has a somewhat formal

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Tim Slobodnik (right) of J&J Small Engine in Bellevue, NE

plan in which he'll put certificates for pizzas or other items in employees' paychecks. From time to time, he or his wife Gail will get takeout sandwiches as a surprise to break up a particularly busy time.

- Finally, have fun. "The No. 1 thing we do is have fun. We're serious about work and our customers. We take it seriously, but we don't get too serious," Schultz says. Yaktus agrees. "We have a lot of fun. I love kidding around with the customers."

The right training is essential

To keep its service technicians motivated, Bill's Power Center in Brookfield, WI, offers an incentive plan that "works beautifully," according to co-owner Dave Rosenberg. He says that the same flexibility the family has shown in running the business is needed from employees. When it gets busy, anyone has to jump in, though most employees have distinct jobs. "If you can't do a number of things, we don't have a place for you here," Dave says.

Most of the store's technicians are trained via manufacturer's service training. Bill's has certified status from Stihl, Briggs & Stratton and other manufacturers. Bill Rosenberg, Dave's brother and another co-owner, says the biggest obstacle to training is getting technicians away from the shop in season. Consequently, the owners pick and choose training opportunities for its technicians. "I'm not sure I need guys certified on why it was

built to do something," Dave says. "I need them to know how to take it back, diagnose it and fix it."

Financial Management

Managing margins and cash flow

Growth is complicated tenfold when a business accrues too much debt. Systems have been put in place at J&J Small Engine in Bellevue, NE, to prevent this from happening. During the peak of the season when cash is flowing, owner Tim Slobodnik puts 5-10% of monthly gross into a separate savings account. That money is later used to pay off equipment when it comes due, along with any other unforeseen expenses. The remaining 90-95% of gross is plenty to cover the rest of J&J's expenses.

"In my opinion, you have to make 20% on wholegoods and 50% on parts."

— Tim Slobodnik

"I do make my margins," Slobodnik points out. "From what I've seen, the dealers who are really successful make their margins. So I do what I can to make sure I make them, too. In my opinion, you have to make 20% on wholegoods and 50% on parts. On some equipment, we're in the 15-18% range. But overall I try to make 20%." Slobodnik treats his parts inventory the same way. Some parts yield a better margin than others. The key to maximizing overall parts profitability is strategic pricing—SKU by SKU.

"I've heard that 20% of your parts inventory produces 80% of your parts sales," Slobodnik says. "It's imperative that we make strong margins on this fast-moving 20%. I automatically give those SKUs a bump on top of the MSRP. On some fast-moving parts I'm making 100%."

Speaking of margins, you have to keep an eye out for hidden costs. "I use financing a lot, from a few differ-

ent providers,” Slobodnik relates. In today’s economy, he says, you really have to sell the “60 days same as cash” programs. Whenever selling a program such as this, you have to be aware of the charges, which narrow your margin. “Most providers charge a 2% fee,” Slobodnik points out. “I’m not eating that. I tell the customer right up front that I need to tack on an additional 2% to the price if he wants to finance the machine. Most customers seem to understand. I’ve never gotten any resistance.”

Decreasing the number of lines carried defines who you are in the marketplace and strengthens your ability to represent your remaining lines.

— Roger Howe

Maybe the reason he hasn’t is because his customers like him—and trust him. “As a small business owner, you really need to sell yourself,” Slobodnik says. “You need to sell your personality, your knowledge and expertise. And the customer has to believe you. That takes a certain skill.”

Merchandising

Product line selection

One of the first things Roger Howe did when he took over Pinard’s Small Engine in Manchester, NH, was pare the number of vendors he dealt with, letting go of about six lines. Howe says, “We’ve done that based on who is going to support us; which manufacturers’ programs are going to allow us to make a good profit, and who has the best support in offering us co-op and promotions.”

A dealer can’t be all things to all people, Howe says. Decreasing the number of lines carried defines who you

are in the marketplace and strengthens your ability to represent your remaining lines. It also prevents dilution of offerings. “There aren’t a lot of dealers out there who have unlimited capital and unlimited floor plan and credit resources,” Howe points out. “By limiting the number of lines you’re going to carry, you certainly don’t dilute your buying power for each product line because now you can bring more in, you can display more, and you can support that line better by having strengthened that product line.”

Fewer lines are also less confusing for the customer, according to Howe. He believes that if consumers see five different mower lines on your floor, you’ve got to explain why that is. By giving them two or three choices and defining them, as an expert, and explaining why they should be buying them, they get a better feeling about where they’re buying.

Another benefit of limiting the number of lines you carry is ease of assessing the profitability of those lines, Howe adds. “When I bought this business, there were four different commercial lines in here. How do you sit down and do a pre-season parts order for each one of those lines in a timely fashion? How do you predict four or five months down the road—based on a triple-split payment for that parts order—if you can afford the order and then administer that inventory?”

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The surfing rat has been a big part of All Outdoors’ advertising strategy.

Inventory is a living, breathing entity, Howe says, and it's tough enough to support too many lines. All the belts, bearings and blades needed makes life harder for dealers. Howe says he made decisions regarding what lines stayed or went based on several criteria:

- Competitive programming. What does a manufacturer's program offer to keep dealers profitable?
- Product line protection. "We don't need more competitors in the market when we have big box stores entering the wholegoods sales with competitive products," Howe says. "We don't need our distributors setting up another dealer a corner away from us."
- The sales rep. He or she has to be a partner in terms of moving the business forward, according to Howe. "We need our rep's help in moving the product or obtaining product for us, and working out glitches in co-op."

"I like to maintain a strong advertising budget ... Our main logic is to do as much local community stuff as possible."

— Jim Siligato

"We've chosen to go forward with lines that we know will treat us as an important customer," Howe goes on to say. "In other words, we didn't make a decision to drop brand X because we thought brand Y would treat us better. We dropped brand X because brand X wasn't supporting its product or the distributor for brand X was a pain to work with."

Marketing

Special promotions

A rat may not seem like a natural mascot for a small business, let alone a surfing rat. But it was a natural for Narragansett Pest control, a sister company to All Outdoors Power Equipment Co. in Wakefield, RI.



Miller's Small Engine Repair in Horn Lake, MS

"The surfing rat wanders around town handing out advertising materials," says Peggy Siligato, co-owner of both businesses with her husband Jim. The surfing rat is sort of a play on words. All of the Siligato children surf, and a nickname for people who do a lot of it is "surf rats."

The rat is tied to radio jingles, a Web site, Yellow Pages and newspaper ads. The most fun part of having the rat is wearing the suit and moving about town, though. "Sometimes it's our kids, but we have a lot of college kids who work here and many would rather wear the suit than walk through a marsh or deliver a mower," Peggy says.

Jim Siligato is a strong believer in promotion. "I like to maintain a strong advertising budget," he points out. "Most years, it's 10-15%. We also do a lot of fund-raiser type of events in the local community. Our main logic is to do as much local community stuff as possible." He also says that he's found word of mouth to be worth more than anything. "We do radio, newspaper and a little bit of TV. We prefer just being dedicated to customers that are dedicated to us."

Battling the boxes

Richard Miller's dealership, Miller's Small Engine Repair in Horn Lake, MS, is in a highly traveled corridor, with both Home Depot and Lowe's locating stores in Horn Lake and nearby Olive Branch.

“We have to compete with the Home Depot, Lowe’s, Wal-Mart, and now we’ve got Tractor Supply Co.,” Miller says. Originally, he didn’t want to do their warranty or other repair work, but then rethought his position. “I thought, ‘They do a lot of business. If I can get 1% of their customers by doing warranty work for them, I can convert those customers into doing business with my dealership,’” Miller recalls.

The approach turned out to be one of the best ideas he’s had. “I found that a lot of people didn’t know that we sell a lot of the same equipment that Lowe’s and Home Depot do at the exact same price,” Miller says.

“If I can get 1% of their (box stores) customers by doing warranty work for them, I can convert those customers into doing business with my dealership.”

— Richard Miller

When customers come into his store, whether for service or to buy equipment, Miller says he works to educate them with the message that they do get the equipment for the same price. Furthermore, he points out that the equipment will be serviced right when it leaves his shop, and customers with warranty work will get put ahead of the crowd when/if warranty work is needed. He says he started doing that about 10 or 12 years ago, which has really brought sales back from Home Depot and Lowe’s.

Miller gives customers and prospects a flyer with a business card attached that lists the “15 best reasons to buy from Miller’s Small Engine Repair.” The flyer reinforces the benefits of buying from a smaller dealer, and Miller says it has been very effective. (See “Miller’s 15 Reasons” sidebar on this page.)

Miller’s 15 Reasons

Richard Miller distributes printed flyers with a business card attached to prospects when they come in looking at equipment. They read:

“15 best reasons to buy from Miller’s Small Engine”

- 1) An opportunity to test drive before you buy
- 2) Trained sales staff to answer all your questions
- 3) Factory-trained technicians
- 4) Setup and assembly
- 5) Delivery and pickup
- 6) Multiple finance options
- 7) First in line for warranty repairs
- 8) Accessory and attachment installation
- 9) Full line of parts
- 10) Product demonstrations
- 11) Product and service advice
- 12) Trade-ins
- 13) Total customer provider
- 14) Same equipment at same low price
- 15) Remember: Service means everything

Thank you for giving us an opportunity to serve you.

“It gives them something to look at and study when they leave here,” Miller points out. “That seems to help pretty well. I’ve had a lot of customers say, ‘You know, I’ve never really thought about it, but you’re right.’”

Miller says dealers have to do whatever they can to grow their businesses. “Little key things I’ve found—after years in the business—really make a big difference to people. You have to do everything you can to compete with these big box stores.”

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Serving the Commercial Market

Loaner equipment

Tim Slobodnik, owner of J&J Small Engine in Bellevue, NE, knows what it takes to make his commercial customers happy—prompt, professional service. His top-notch staff of certified technicians do a fantastic job, Slobodnik says, but same-day turnaround is not always possible. That’s why loaner units are a necessity, and a great complement to the stellar service J&J provides. Slobodnik says, “If we can’t fix the mower while the landscaper waits, we provide a loaner. That’s our philosophy.”

Slobodnik buys two or three zero-turns a year that he keeps as loaners. Most loaner units end up with 120 to 150 hours on them by the end of the season. Then Slobodnik knocks 10-15% off the original price and sells them. “Exmark has a good rebate program for loaners,” Slobodnik tells, “so I make out pretty well.” So does the customer. “He gets a unit with limited hours on it for a lower price, but is still covered by the full warranty,” Slobodnik points out.

Much of the knowledge of how to make demos work came from Patten’s experience selling Caterpillar equipment that way over the years.



Slobodnik uses the loaner program to encourage landscapers to take advantage of J&J’s winter service program. If a landscaper brings his Exmark in during the winter service timeframe, he stays on the loaner program. Around 70 landscapers are currently on the list, some of which are multiple-unit customers. “This generates some nice off-season cash flow through the shop,” Slobodnik points out.

“We provide the proper solutions—whether you (the customer) take care of the equipment yourself or we do.”

— Bill Dears

Service, demos build customer confidence

Bill Dears of Patten Industries in Elburn, IL, says exemplary service, whether for professional contractors or everyday consumers, has become the culture at Patten Cat. “We offer a high level of service,” Dears says. “Our customers can buy our products and forget about them. We’re going to take care of it. We provide the proper solutions—whether you take care of the equipment yourself or we do. Our customers get great piece of mind. We’ve made great decisions on the brands. When the Patten Cat name goes up, the expectation goes up.”

Demonstrations are an important part of Patten’s selling process. Employee Nick Kritselis makes sales demos for contractors, often taking Exmark mowers and other equipment to job sites so contractors can evaluate them in action. Manufacturers are also called on to help with demonstrations. “We call on our vendors to help us close the deal,” says Jeff Clifford, another member of the Patten management team. 



*Duane Nolden and Ed Prochaska, Owners,
Middleton Power Center, Madison, WI.*

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before," Duane says, "but going exclusive kicked us into overdrive." Today, they are true believers. They love the support they get from STIHL. Plus, carrying just one brand means less clutter, a smaller inventory and streamlined operations, which means more profits.

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