Powersport Profit Secrets

6 Ways For Powersport Dealerships To Improve Profits

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I am constantly astounded by the number of Powersport dealers that are satisfied with how things are – they aren't interested in increasing profitability. They're the ones that do things the same way, year in and year out and watch their company take its own course depending on how the season goes. Downloading this report suggests to me you are not satisfied with how things are – you want to grow your business!

Increasing profits isn't something that's done in the blink of an eye – there are no silver bullets! It is likely you will have to make changes. Some of the profit secrets we are going to suggest represent evolutionary change – they will be the easy ones to implement; others represent revolutionary change – they will be met by long faces and resistance by your staff. Be prepared.

The following is a list of six not-so-secret secrets we have learned from personal experience and from interviewing hundreds of dealer principals and business managers. They are used by many Powersport dealers, just like yours to increase profits and overall success.

The Secrets…

1) Create a Business Office

When is the time right to start a business office in your dealership? If you want to improve customer service, increase customer retention, and raise profits, the time is now. Setting up a business office is not about taking your valued customers into a dingy office where someone dressed in a blue polyester suit rams a bunch of crappy products down their throats. It is about looking out for all of your customer's needs. Business offices help customers get better rates than they could from their own bank; they identify important insurance and warranty issues customers may not have considered; they show customers innovative protection products and maintenance programs that will save them headaches and money.

Here are a few things to consider of when setting up a business office:

1) Staff it with people that can relate to your customers and understand and believe in the products, 2) brokers may be easier in the short term but remember, their focus is on the present deal not in creating long term customer relationships, 3) use quality, not quantity as guide when selecting F&I products, 4) ensure your business managers and sales reps are trained on F&I products and selling techniques, 5) consider using a Menu Selling approach from the onset (as opposed to bringing it in later) – it will be easier, 6) locate your business office in a well appointed location, close to the sales floor designed to put the customer at ease, 7) use the services of a business consultant to set up your business office.

2) Provide More Value – By Providing Innovative Services.

Admit it – most of the products you sell are commodities in the eyes of customers. As far as customers are concerned there are plenty of dealership and product options to choose from. As a dealership you must set yourself apart from the competition by the way you treat customers and in the products and services you sell.

Make customers feel special by selling special products and services only you can provide. By doing so you will set your dealership apart, keep customers coming back, and increase your bottom line. Increase innovation by brainstorming at staff meetings, speaking with customers, or through online research.

Prepaid, or Priority Maintenance Programs

From a customer's point of view, bike maintenance is an expensive but necessary concern. Owners know how hard it is to get their bike in for a spring tune up when everyone else is trying to get theirs in as well. They also recognize a good deal when they see it. The concept behind Priority or Prepaid Maintenance is simple; sell units of service up front at a discounted rate aligned to service manual recommendations; and then bundle it with value-ads like priority service and loaners.

Components may include: 1) preferred or same-day service, 2) locked-in service pricing, 3) parts discounts, 4) discounts on additional service units, 5) transferability, 6) free wash, 7) free loaners.

From the dealer's point of view a Prepaid Maintenance program is an opportunity to keep the customer coming back, create ongoing revenue, and provide a hassle free customer experience. According to Ron Baird, Business Manager for Erico Motorsports, "Priority Maintenance Programs are extremely profitable, almost 50% of customers purchase them – we're able to lock the customer in and keep them coming back for two or three years". Priority Maintenance Programs are a winner with customers as well, "customers love the discount they receive for purchasing maintenance up front, we structure it so they get two services per year and align it to the bike's service manual – we even provide loaners", according to Baird.

3) Join a Dealer 20 Group

Dealer 20 Groups give dealer principals an opportunity to share information and learn best-practices from other dealers. Common in the automobile and RV industry, 20 Groups are catching on with Powersport dealers. Once you join one you will be in company with other similar sized Powersport dealers from geographical locations close enough to travel but far enough they aren't your competition. Jeff Wheeler from Wheeler Powersports says, "The best thing about Dealer Twenty Groups is getting together with other dealers and hearing, the war stories. Being able to call them when you're having a problem is a great help".

Work with a company experienced in setting up 20 Groups for Powersport dealers; there are plenty, although none focused entirely on the Canadian market (Performance Incorporated has Canadian and US locations). The Otis Hackett Group, is an In-House Training and Consulting firm out of La Porte, IN focused on the Powersport industry. According to Otis Hackett, the biggest benefit from joining a Dealer 20 Group is the opportunity to learn from your peers, "you aren't alone – everyone is fighting the same battles as you – they deal with manufactures just like you; they deal with price gougers just like you; and there's someone in the group that's likely solved the same problem you're working on right now".

Retail Powersport Management Group (RPM) is another US firm that provides assistance to Powersport dealers interested in joining a 20 Group. DJ Stringer, Director of 20 Groups for RPM says, "dealers appreciate not having to reinvent the wheel – they can adopt ideas already proven by other dealers".

Some of the services and benefits from Dealer 20 Groups:

- Monthly or quarterly meetings
- Dealership visitations
- Dealership and/or operations manuals
- F&I product training for Business Offices
- Management development programs
- Sample job descriptions and policy manuals
- Methods and tools for departmental weekly performance tracking
- Tactics to improve operational performance
- Financial reports based on aggregate information from multiple dealers – compare your dealer's averages with others
- Best practices including: monthly comparison reports, trend analysis and revenue forecasting for your dealership, Tips and Tricks, support networks
- Create baselines, best practices, and solve problems. Learn what the most successful dealers are doing – compare yours with theirs to become more efficient

For Additional Information and Companies that Facilitate 20 Groups:

Article (on 20 Groups) http://wardsdealer.com/ar/auto_plenty_twenty/index.html

Spader Group http://www.spader.com/Groups/index.cfm

Phone: 800-772-3377

Performance Incorporated http://www.performance20groups.com/
Phone: 800-663-3401

The Otis Hacket Group Ltd. http://otishackett.com/
Phone: 219-362-3190

Retail Powersport Management Group http://www.RPMG.com
Phone: 303-338-1122

4) Train Your Staff Well

Providing staff with ongoing training and personal development can make the difference between a good team and a team of superstars. Each staff member should have a personal learning plan set yearly and evaluated quarterly. Not all training is expensive, many are available for free or at low cost. While usually tied to current business, or the hopes of future business, many insurance companies provide Powersport dealers with training.

SAL Group, a division of Industrial-Alliance Pacific Life Insurance Company, has an excellent training program for business managers called the National Training Program. It is a combination of self-directed modules, supplemented with coaching and feedback provided by SAL representatives. Modules include: 1) The Role of the Business Office, 2) Customer Driven Sales, 3) Introduction to Financing, 4) Managing Customer Interaction, 5) The Leasing Customer, 6) Introduction to Creditor's Group Insurance, 7) Selling Chemical Packages, 8) Selling Extended Warranties, and information on SAL's product lines.

First Canadian Insurance Corporation, believes strongly in the value of training. It has a large budget and six full time staff focused on providing Canadian dealers with sales training. According to Doug Thibault, First Canadian Warranty Specialist, “what sets our trainers and programs apart is that they really know what’s going on in the dealerships – that allows us to provide the best sales training in Canada”.

Harvey Cohen Learning Systems provide Sales, F&I, Sales Management, and Service Department Sales training to Powersport dealers through Sawka Group; and Wye Management provides Powersport sales and business managers with training as well.

For Additional Information:

Industrial Alliance Pacific (SAL-Group) National Training Program – Contact Will Flatery – 403-331-1756.

First Canadian Training – Contact Gord Swail (National Training Manager) 604-351-6551.

Wye Management Group – http://wyemanagement.com/
Phone: 888-993-6468

Harvey Cohen Learning Systems – 604-722-7967. http://www.harveycohen.com/

Online Sales Training Articles- http://www.speakersroundtable.com/sales_training.html

5) Choose the Right Software Vendors

Don’t underestimate the importance of vendor choice in your dealership’s success. When evaluating suppliers consider the following:

1. Work with suppliers that treat you like a partner, not a hostage. Many software companies force customers to purchase ineffective software modules they don’t need, then they lock you in to expensive service contracts for extended periods of time. Smart companies build in guaranties by letting you get out at any time.
2. Sometimes standalone software is better. It’s a tall order to expect one software developer to provide top of the line modules for sales, business management, parts and service, CRM, and accounting. While integration and eliminating double entry are important considerations, the value of a well thought out standalone software program should be not dismissed before given consideration. While double entry is not an optimal solution, some dealers return to standalone modules once they realize a poorly developed integrated DMS solution can be counter productive and very expensive.
3. Remember, bigger isn’t necessarily better**.** You may have heard the saying, “nobody ever got fired choosing IBM”; at one time this type of logical reasoning applied – only the biggest companies had the resources and R&D budgets required to provide first tier products. Large corporations would like you to believe this is still the case. The availability of powerful and inexpensive programming tools mean small developers can compete with the big guys and develop products just as good (if not better).
4. Customers need training, ongoing support and upgrades as markets and technology change. 21 Century companies include training, support and upgrades in the price.
5. Ask yourself, does this supplier have a proven track record and a good reputation? Do they know what they’re doing? Smart customers don’t just look at market share, they check references (ask for six); they look at how long the company has been in business.

6) Adopt a Menu Selling Approach in the Bus Office

No doubt you have heard the buzz about Menu Selling and its ability to significantly increase F&I revenue and customer satisfaction indexes. Automobile and RV industry studies have shown impressive results from Menu Selling – it's not a leap-of-faith to imagine similar results are achievable in the Powersport industry.

If you are considering adopting Menu Selling in your business office – and you should, here are a few suggestions: 1) purchase Menu Selling software – manual approaches using print-outs and spreadsheets aren't flexible enough to meet individual customer needs, 2) consider standalone Menu Selling software – if well-designed, standalone software will work with any DMS, 3) Menu Selling represents revolutionary, not evolutionary change – get your staff trained on menu selling techniques, 4) make sure any Menu Selling software you are considering was designed for Canadian markets, 5) choose the products in your menus carefully – use menus to increase the customers perception of value, 6) look at Menu Selling as a way to show customers all their options efficiently, not a way to pressure them to purchasing more.

If you follow these rules you'll find not only will you sell more F&I products, your customers will appreciate the work you have done for them as well.