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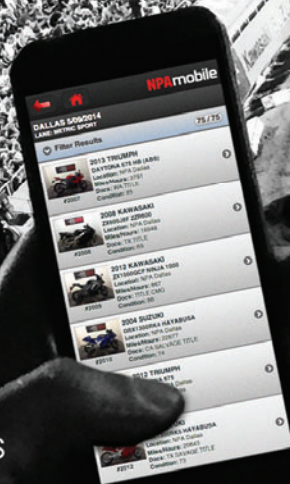
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We had to do a lot of unnatural acts to get ourselves through some of the barriers that too many dealerships get stuck at.”

— Dan Schoo, dealer principal of BMW Motorcycles of Riverside

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FOR THE RECORD

Two corrections to our cover story on Renegade Harley-Davidson (May). The story identified Kate Ribar as a partner at the dealership; her official title is Fixed Operations Director. The dealership is owned by Revolution Motorsports LLC and Eddy Soberon. And due to an editing error, the article indicated that Harley-Davidson CEO Keith Wandell attended the dealership's first Black History Month event in February 2009. In fact, CEO Jim Ziemer was among executives invited to the 2009 event but he did not attend. Wandell became CEO in April 2009. Dealernews apologizes for any confusion.



On the cover

Photographer Joe Bonello was ready to have his BMW stereotypes confirmed when he visited our cover dealer. After meeting Dan Schoo and sales manager Owen Balduf, he realized how wrong he was. "This is a successful business because it's run by smart business people, but who are still human beings." Our story begins on page 36.



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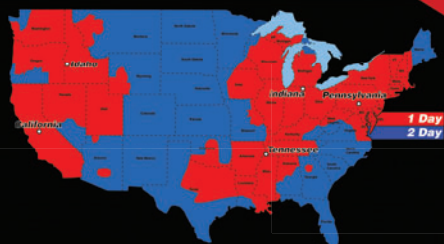
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FROM THE EDITOR

Mary Slepicka

We need a favor. OK, two favors.

BY THE TIME you read this, hopefully you will be taking a 10-minute breather from all the traffic you're getting through the front door, at the service entrance or even to your website.

So I'll be brief: We need a favor. Actually, two favors. One will take you a few minutes and the other a bit longer — but we promise both will be worth the effort.

This summer you're going to receive requests to complete two surveys from *Dealernews*. **The first one is a readership study**, and it will ask about how you get information from us (and other sources) and, more importantly, how you'd LIKE to get information from us.

Our editors talk to dealers every day, but a formal survey does a couple of additional things: it extends our reach to those of you who don't call us or email us or stop us at an event, and it enables us to quantify information to determine trends and, ultimately, what improvements to make. You see, *Dealernews* is a "living thing," and it constantly evolves and changes (and sometimes changes back) as you see fit.

Want more dealer profiles, market research, product training? This is a good time to say so. Do you read the DealerNEWS ALERTS on a smartphone? That's important for us to know, for formatting reasons. One surprise for us this year was to find out that more readers are opting to receive the print magazine again — in addition to

receiving the digital edition and the ALERT. So, hey, everything is on the table.

The second survey is the 2014 Wages & Benefits Study, where we'll ask you or one of your trusted managers to answer questions related to compensation and benefits for a number of staff positions — from sales manager, to service writer, to GM.

This is going to take you a little time to fill out, but there's a return on your investment. The results of the Wages & Benefits Study will give each of you a valuable resource for understanding the employment condition in the powersports retail sector, allowing you to access information on average compensation rates by type of business (metric, V-twin, multiline, single line, service shop, PG&A only, etc.), by size of business and by general geographic location. Understand that your individual responses will NOT be revealed but, rather, anonymously incorporated into a set of tools that will help you hire, reward and retain employees.

Watch for the 2014 *Dealernews* Wages & Benefits Survey Form coming your way in the next few weeks. We appreciate your help for this important project.

Mary Slepicka, mslepicka@dealernews.com

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New models boosting dealers' moods

FRANCHISED DEALERS' LONG-TERM OUTLOOK JUMPS FIVE POINTS

SPRING WAS bolstering everyone's moods by the time dealers were completing the Dealernews/Baird Research Q1 Dealer Sentiment Index survey form. Dealers slogged through the long, brutal winter and struggled with ongoing challenges from discounters, but reported that they were more optimistic about the long-term forecast than they were in Q4, or even a year ago.

Why? New model rollouts. Dealers for Arctic Cat, BRP, Harley-Davidson, Honda and Polaris all said that new models helped them overcome the winter blues. Brands that are failing to innovate, however, struggle with sagging retail demand, Baird researchers noted.

So with weather woes pressuring the short-term but new models revving up the long term, the Dealer Sentiment Index current outlook dropped three points (49 to 46) from the Q4 survey (Dealernews, February 2014), but the three-to-five-year index rose five points, to 59.

Discounting continues to be a challenge. "The Japanese market is very soft, with incredible discounting," said one survey respondent. A BRP dealer stated, "It is very hard to hold close to retail pricing and be

brought the unit here for warranty service and then complained because he wasn't moved to the front of the service line," commented a BRP/Yamaha dealer.

A three-brand dealer added that "fewer parts and accessories [are] sold over the counter. More customers each year are buying on the Internet. Physical brick-and-mortar presence and service don't mean much anymore. Customers say they will take their chances with a successful deal over the Internet, and deal with problems later, should they occur."

Sales update. Store traffic is still down but it has improved over the last year, researchers noted. Dealers reported that, overall, new retail sales were almost flat during Q1.

Pre-owned unit sales struggled somewhat while dealers reported a sales pickup in parts, accessories, gear and services. The highest amount of concern over inventory came from primarily ORV dealers, while Harley and Indian stores reported particularly lean inventories.

Trends deteriorated in vehicle categories susceptible to cold weather (i.e. anything but a snowmobile), and with more than 35

"The motorcycle trend improved sequentially, driven by new product momentum from Harley-Davidson," said Baird researcher Craig Kennison. "Indian and BMW dealers also reported strength."

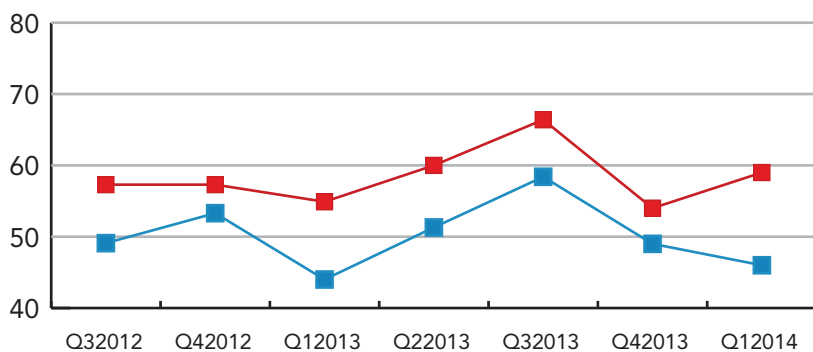
UTV sales weakened, although Honda dealers continued to report success with Pioneer sales. And although PWC sales went quiet during the winter months, BRP dealers continued to report solid results for the new entry-level Sea-Doo Spark.

Harley dealers reported sustained strong interest in the new Rushmore Touring bikes. New products from Honda, like the aforementioned Pioneer, continued to drive demand; however, dealers expressed concern over inventory availability. Polaris dealers were generally positive about the new Sportsman ACE, although commentary suggested that they would appreciate more engine power in that particular model, Kennison said.

Dealers will need to wrestle control over inventory in order to have a successful year. "Our numbers are good, and in control for the first time since 2007," noted a Kawasaki dealer. "The Kawasaki [ordering] system seems to work best of the three OEMs: Kawasaki, Suzuki and Yamaha. The Honda AIR System is fantastic, but only offered to Level 5 dealers," a multiline noted.

Some scooter retailers are still struggling to balance stock. "We carried a lot of 2013 scooters from last year, as we spent 2013 selling off 2009, 2010, 2012 scooters that accumulated from past years. But this meant that almost all the 2013 scooters that came in are still here. This must be the clean-out year for all the pre-2014 stuff," a multiline noted. – Mary Slepicka

Q1 Dealernews/Baird Dealer Sentiment Index: 46



competitive with other dealers, as they are discounting at or below cost."

Others expressed frustration with countering what unwise customer decisions: "I had a snowmobile customer buy a machine 200 miles away to save \$50. Then he

states experiencing colder-than-normal winter weather according to NOAA figures, the industrywide impact was felt across two-thirds of the country. However researchers said trends likely improved toward the end of Q1 as weather started improving.

ON THE WEB:

Read the individual brand comments online. Visit Dealernews.com > Dealer Operations > Management > Running Your Business > Inventory

Dealers improve 'mystery shopper' scores, according to Pied Piper

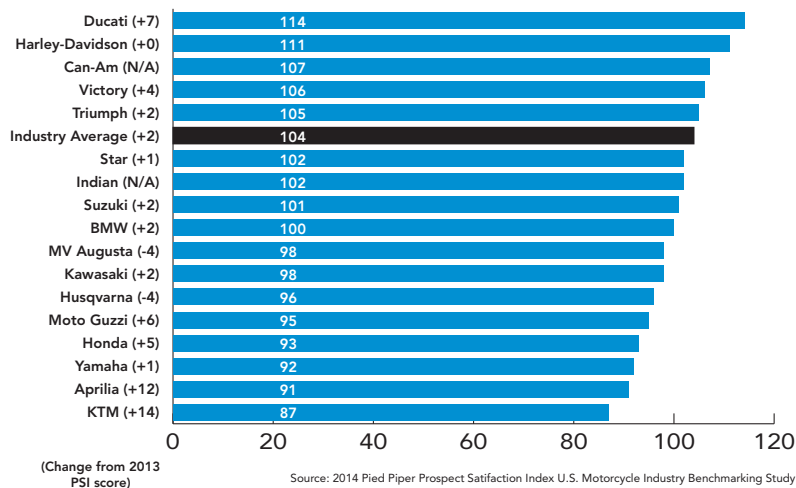
MONTEREY, Calif. - Ducati dealers ranked tops among mystery shoppers for the first time since 2009, according to the 2014 Pied Piper Prospect Satisfaction Index (PSI) U.S. Motorcycle Industry Benchmarking Study. Industry-wide, dealers improved their prospect service scores "substantially" from 2013 to 2014, with 12 of 17 motorcycle brands achieving higher results than they did last year, researchers said. Dealer sales personnel mentioned the availability of test rides, asked for customer contact information and offered to write up a deal more than they did last year, the survey noted. But they still have work to do if they're going to achieve higher numbers, according to Pied Piper Management Co. LLC.

The study was conducted between July 2013 and April 2014 using 1,885 anonymous shoppers. Brand performance varied "considerably," according to the report.

Test rides - Dealerships on average mentioned either immediate or future availability of test rides to customers 52 percent of the time, compared to only 36 percent of the time three years ago. Ducati, Can-Am, Harley-Davidson and BMW dealers mentioned test rides to more

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than 60 percent of customers, while dealers selling Moto Guzzi, KTM, Yamaha, Suzuki and Honda mentioned the availability of test rides less than 30 percent of the time.

Writing it up - Dealers selling Can-Am, Harley-Davidson, Suzuki, Ducati and Triumph were most likely to suggest writing up a deal, according to the report. Dealers selling KTM, Aprilia, Moto Guzzi, Victory and BMW were least likely to do so. Industrywide, sales personnel attempted to write up a deal 39 percent of the time, compared to 30 percent three years ago.

Customer contact info - Dealers selling Harley, Ducati, Can-Am, Victory and Triumph were most likely to ask a customer for contact information, and dealers selling Moto Guzzi, KTM, Suzuki, Aprilia and Yamaha were least likely. Across all brands studied, sales people asked for contact information 52 percent of the time, compared to 46 percent three years ago.

Despite the progress made, there remains room for improvement. The survey found that sales associates suggest sitting down at the desk to discuss the possible purchase only 39 percent of time, mention the availability of financing options 62 percent of the time, and ask for the sale only 63 percent of the time.

Fran O'Hagan, president and CEO of Pied Piper, said that if sales associates boost asking for the sale by four points, to 67 percent, they will sell 34 percent more motorcycles. Asking for contact information at least 75 percent of the time leads to 20 percent more motorcycle sales, and immediately offering test rides at least 50 percent of the time will sell 44 percent more motorcycles, he said.

And often, the viability of making a sale comes down to the first words uttered. Sales people still greet customers with "Can I help you?" 84 percent of the time, which often elicits the answer, "No thanks, I'm just looking."

I AM DEALER EXPO

We're really looking forward to Dealer Expo this year – it's shaping up to be a great opportunity to meet with dealers and the industry at large. Very new and exciting!

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SPEED READ



Outlander 6x6 100 XT above and the Outlander L 450 left

Can-Am unveils 6X6 in expanded ATV lineup for 2015

VALCOURT, Quebec – BRP has revved up the Can-Am ATV offering for 2015 with the Outlander L 450 and 500, Outlander L MAX 450 and 500 and the brand new Outlander 6X6 XT.

The new 6X6 has the largest towing capacity of any Can-Am ATV, BRP said, with a lower L gear for increased workload and a 3,000 lb. Warn winch to prove it. The Outlander 6X6 XY comes with either a 62 hp Rotax V-Twin 650 engine or an 82 hp liquid-cooled Rotax 1000 twin engine. The extra set of wheels features a new Double Torsional Trailing arm, independent rear suspension and a quick-release sway bar. Carrying capacity is enhanced with a dual-level cargo box and modular accessories.

Boasting more horsepower than previous big Outlander offerings, the Outlander L 450 (which replaces the 400) and 500 have 38 hp in the form of a liquid-cooled single-cylinder Rotax four-stroke or 46 hp with the liquid-cooled SOHC Rotax V-Twin engine. Both models come with a five-year extended warranty, CVT and steel racks and an optional Can-Am DPS package that includes dynamic power steering, Visco-Lok QE, a larger magneto and cast-aluminum wheels.

Base pricing for the Outlander L models starts at \$6,399 for the 450 and \$6,999 for the 500.

A longer wheelbase and the components for carrying a passenger are part of what set the Outlander L MAX models apart from the L versions. There is also a removable storage box, and the steel racks have a combined capacity of 360 lbs. The MAX family's passenger seat has been redesigned for 2015, and the passenger area includes handholds and footrests.

The Outlander 800R X mr returns to the lineup with major updates. A shorter wheelbase supports a 71hp Rotax 800R V-Twin engine, and adjustable, mud-specific shocks have five-way adjustable preload. Thirty-inch Gorilla Axle Silverback tires are designed for riding in the mud, and they are mounted on ITP cast-aluminum wheels. The standard model includes dynamic power steering, Visco-Lok QE, 3,000-lb. Warn winch, X-package graphics and digital gauge.

Can-Am is also offering a number of updates to its SxS models. Six new colors are available for the 2015 Commanders and Mavericks, and the Maverick 1000R X mr is receiving adjustable Fox piggyback shocks.

For big towing jobs, a 4,500 lb. Warn ProVantage winch is now standard on all XT-package side-by-sides. The Commander DPS and Commander XT platforms have redesigned cast-aluminum wheels, and the Commander XT-P has updated beadlock wheels.

– Beth Dolgner



I AM DEALER EXPO

We can't wait until the expo comes to Chicago so the whole staff can take advantage of seminars and absorb more knowledge...

CHRIS HOAK
HARLEY-DAVIDSON DEALER IN ILLINOIS

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WHAT'S TRENDING ON DEALERNEWS.COM

DEALER OPERATIONS > MARKETING

Clutch Control returns to Philly. After a five-year absence, the Clutch Control custom sportbike event returns to Philadelphia, to be held Sept. 20 on Christopher Columbus Boulevard at Snyder Ave. Organizers Hard Knocks Motorcycle Entertainment and SportBikes Inc. Magazine say the free event, this year called "The Illy in Philly," will feature custom bike and custom helmet competitions, stunt shows, celebrity appearances and more.

Partial to another Bar and Shield. It's a first for law enforcement and for The Motor Co., announcing that Harley-Davidson partnered with the Weber County Sheriff's Office in Utah to offer an optional deputy badge that includes the Harley logo along with the standard officer and agency information.

Dealer Spike adds Virtual Showroom to DS1. New capability matches the aesthetic of a dealer's website, removes redundant information and provides larger thumbnail images.

Schuberth is exclusive helmet provider for the California Superbike School. Keith Code and other instructors will wear Schuberth helmets, and students can wear the brand's SR1 or S2 full-face models.

'Why We Ride' sponsors MiniMoto series. Partnership with the film will cover all 10 MiniMoto USA races and the series championship.

DEALER OPERATIONS > MANAGEMENT

Moto-Skiveez gets dealer network behind it. Maker of motorcycle rider undergarments says it's seeking dealers, and is offering 40 percent margins with a 15-unit minimum order.

Schuberth to distribute Held. Company takes over distribution of Held Rider Equipment products for the U.S. market, and announces that Held's Gore-Tex leather and textile riding gloves, adventure riding suits and waterproof bags will be available in June.

Novation, D2M part ways. TCX distributor Novation announced in late August it would part ways with D2M Inc. in mid-July as part of the company's restructuring strategy. D2M had provided third-party sales management for Novation since 2011. TCX boots will be distributed to dealers via Novation and its sales representatives, the company said.

DEALER OPERATIONS > SALES

Classic style for new riders. Suzuki's TU250X for 2015 is designed to be a modern motorcycle wrapped in a retro bike style, featuring a round headlight, sweptback and low-slung chrome exhaust, and polished crank side case. The new 49-state model, with a \$4,399 MSRP, was shipping to dealers in May.

Lightning to spark production. Electric bike maker Lightning Motorcycles unveiled its LS-218 Superbike in May at the Quail Motorsport Gathering, and said a more affordable line of production bikes, including a 650cc twin, will debut this year.

Q1 sales flat, MIC reports. Lifestyle markets reporting sales increases over first quarter 2013 were dual sport (up 3.9 percent), on-highway motorcycles (0.9 percent) and ATVs (0.5 percent). Scooter sales dropped 10.7 percent over last year.

DEALER OPERATIONS > SERVICE

Ohlins expands recall. Ohlins Racing AB recalled 2,827 steering damper kits manufactured, the company said, with an incorrectly machined bracket that can crack and cause the steering mechanism to lock up. The dampers were sold for use as aftermarket equipment on Yamaha R1, R6, and FZ6, Suzuki TL1000 R and GSX1300R, Honda CB600RR, and Ducati Monster 1000, 748, 848, 916, 996, and 998 motorcycles, along with universal steering damper kits SD 000 through SD 005. This latest recall is an expansion of a recall issued in mid-2013 for steering damper kits on certain BMWs.

Ducati recalls Panigales. The left handlebar switch may not receive power from its connection at the dashboard, preventing the horn, instrument panel display, high beam and right turn signals from functioning on about 2,100 1199 Panigale and Panigale S models.

Victory crankcase problem pulls back models. OEM issues stop sale notification for about 900 2014 Cross Country, Cross Country Eight Ball, Hammer Eight Ball, High Ball, Jackpot, Judge, Ness Cross Country, Vegas Eight Ball, Vision, Boardwalk and 2015 Gunners until units are inspected and affected motorcycles remedied.

Harley recalls 9,100 for fuel sensor fix. Inspection and software update for affected models mandated for 2013-14 FXSB and FXSBEs.



I AM DEALER EXPO

“ Dealer Expo gives our marketing and development staff the time they need with our customers. There's simply no more cost-effective way to put the two groups together and we get essential product feedback. ”

JUDD HOLLIFIELD
CHAIRMAN & CEO AT RINEHART RACING

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DEALER NEWS

CONNECTICUT – Hamlin Cycles in Bethel opened for business in early May, with the owner telling local media he expects to begin selling new Triumph motorcycles in June.

ILLINOIS – World of Powersports' military portal, MilitaryATV.com, was named

the 2013 Small Business of the Year by Lockheed Martin. The multiline dealer, with stores in Decatur and Peoria, has a growing military contractor business, supplying ATV, SxS, motorcycle and snowmobile parts to the U.S. armed forces.

NEW YORK – After starting out as a used motorcycle and ATV business, **BMG Powersports** in Middletown has become Triumph's new flagship dealer for the area.

TENNESSEE – Knoxville Harley-Davidson is building a 4,000-seat concert venue adjacent to the dealership with the aim of securing artists who charge between \$60,000 and \$100,000 per performance. The arena, when complete, will be the third largest in the county, local media reported.

WISCONSIN – Hal's Harley Davidson in New Berlin has just completed a showroom and office renovation as it adds Erik Buell Racing motorcycles to the lineup. Further renovations will spruce up the main entrance and add a café. And in Hatley, 27-year-old **S-K Service** is closing, but owner Steve Kasten said he plans to continue holding an affiliated swap meet for British, European and Japanese models.



MARK HULSEY, owner of Hellbender Harley-Davidson and Harley-Davidson of Cartersville, both in Georgia, who died May 5. The family asks for donations to be made to the American Kidney Fund.

WALT BUNTIN, former president of Hap Jones Distributing, who died April 28. A San Francisco native, Buntin began working at Hap Jones in 1960 while he was still a student at Polytechnic High School. He was a lifetime member of the AMA and the Trailblazers Motorcycle Club.

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70/100-17.....	32.35
70/100-19.....	33.91
90/90-21.....	50.46

80/100-12.....	29.10
90/100-14.....	37.90
90/100-16.....	40.27
110/90-19.....	63.28
120/80-19.....	61.79
130/70-19.....	67.00



SX TIRE RETAIL \$

80/100-21..... 50.46

100/100-18.....	63.70
110/100-18.....	68.32
120/100-18.....	77.77
100/90-19.....	67.42
110/90-19.....	70.95
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SPEED READ

BIKEWISH KEEPS LEAD INFO CONFIDENTIAL UNTIL YOU EXTEND THE DEAL

OVERLAND PARK, Kan. – A new online service is designed to connect buyers with dealers, but lets the buyer stay anonymous until there's a deal on the table.

Like a lot of startups, the idea was born from experience, in this case founder Chase Johnson's frustration with the researching motorcycles online before making a purchase. "Once I waded through the mess and found a motorcycle I was interested in, my only option was to submit my contact information and hope it wasn't distributed indiscriminately. Sure enough, within a few days, my inbox was littered with all types of unsolicited spam. I eventually had to retire the email address as a result," he said. "I decided there had to be a better way."

Bikewish.com lets shoppers specify the make, model and configuration, then choose from participating dealers in their area to solicit offers.

"While the introduction and initial negotiation between a consumer and dealer may happen through our platform, the consumer still must still visit the dealership to set up financing and complete their purchase," Johnson said. "This is where the salesman will have the chance to focus on customer experience, selling additional products and asking for referral business."

Johnson said dealers receive prescreened, in-market buyers. Bikewish.com charges dealers either a per-lead fee of \$30 after the dealer submits an offer and the offer is viewed by the buyer; or a flat monthly subscription rate of \$199. Bikewish qualifies each customer that submits a price request using a series of questions to verify in-market status. Shoppers that don't pass the vetting process are not forwarded to dealers.

The platform includes an internal customer relationship management (CRM) system, configurable real-time text/email alerts, and direct integration with third party CRM/DMS vendors. – Holly Wagner

Leatt prevails in U.S. lawsuit

Leatt Corp. in April prevailed in the first Leatt-Brace lawsuit to be tried in the United States.

After a two-week trial in the United States District Court for the Northern District of Ohio (Eastern) ending on April 17, a federal jury returned a defense verdict for Leatt in a product liability lawsuit brought by Scott Scarvelli and his parents, Tim and Sherri Scarvelli.

The Scarvellis alleged that defective product design and failure to warn had caused Scott, a then 15-year-old motocross rider, to suffer multiple mid-thoracic spine fractures, causing immediate and permanent paraplegia, when he crashed at a relatively low speed on Feb. 13, 2011. When the accident occurred, Scott was wearing a helmet and other safety gear from several different companies,

including a Leatt-Brace.

Leatt countered that Scarvellis' thoracic paraplegia was an unavoidable consequence of his fall, not the result of wearing a Leatt-Brace, "and that the brace likely saved his life — or saved him from quadriplegia — by preventing cervical spine injury," the company stated.

The case was tried by Leatt national trial counsel, John L. Tate, Stites & Harbison PLLC of Louisville, Ky., assisted by Akron (Ohio) lawyers Orville Reed and Jason Wiegand. Expert witnesses for Leatt included Erick Knox and Mitchell Garber, M.D., M.S. Mech. Eng., M.P.H., both with Engineering Systems Inc., and John Bodnar, M.D., medical director for U.S. professional supercross and motocross races.

NUMBERS

500,000

Estimated amount spent (in dollars) by the U.S. government to establish motorcycle-only checkpoints. "This money could have paid the Motorcycle Safety Foundation Basic Rider Course fee for 10,000 potential motorcyclists," said Wayne Allard, AMA vice president for governmental affairs. The AMA in May launched a petition drive to end the checkpoints.

4.610

Projected tally of motorcycle rider fatalities in 2013, about 7 percent less than 2012 figures, according to an annual report issued by the Governors Highway Safety Association. However, GHSA estimates most of the credit has go to foul weather in spring and early summer, which reduced the number of riders on roads.

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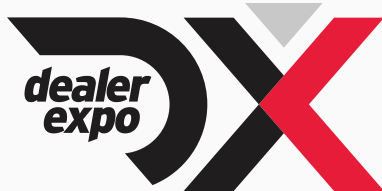
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MARK RODGERS ACCSELLERATES DEALER EXPO

I HAVE TO TELL YOU: We're so excited to have Mark Rodgers presenting at the DX National Retail Conference on December 4th. If you already know who he is, you'll have to agree: This is a phenomenal opportunity for anyone who's selling or managing your sales teams.

Mark's been a 'best-kept-secret' with Harley-Davidson dealers for some time now. He's an award-winning speaker, author and sought-after consultant, and has spent 27 years in the motorcycle business launching dealers to peak performance.

"If there are more accurate statements coming from anyone other than Mark Rodgers in this industry ... I've not heard them." Dan Stern, Principal of **House of Thunder Harley-Davidson**. "When Mark Rodgers speaks, you need to listen." John Ward of **Black Wolf Harley-Davidson**. "You give me things to think about when I think I've heard it all." Paul Ray of **Gruene Harley-Davidson**.

Now, his "weapons grade" information is coming to Dealer Expo 2014 and it will 'accsellerate' your skills to dramatically increase sales while reducing costs associated with business acquisition.

"Anyone can tell you to go spend a million on advertising," Mark says. "We're going to show you how to significantly improve your business with your most powerful weapon: your people."

For this action-packed, three-hour sales session, Mark will guide you on a ride that's sometimes funny, sometimes irreverent, but always insightful. You'll leave with new found skills and abilities:

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- Leverage three jaw-dropping ways to engage your customers fast.
- Present product in ways your competition doesn't want you to know.
- Leverage "moments of power" in sales exchanges creating perpetual sales.
- Wield seven indispensable showroom floor questions you've never heard before.
- Close more business, faster.

Mark is also excited about speaking to the entire powersports industry at such a prestigious national event (He said it!). "Regardless of brand, motorcycle people laugh louder, work harder and are more fun to be around than your average person," he says. "Selling today can be brutal. You need to build a powerful engine if you want to see the checkered flag, and that's exactly what we're going to do at Dealer Expo. And there's no one better suited than *Advanstar* and *Dealernews* to help powersports retailers do just that in today's competitive environment."

BONUS! To make sure you get the most from this unique opportunity, everyone at Mark's DX14 workshop will also receive a copy of his McGraw-Hill bestselling book: *Accelerate the Sale: Kick-start Your Personal Selling Style to Close More Sales, Faster*. Our gift to you.

DEALERSHIP UNIVERSITY DELIVERS A ONE-TWO-THREE PUNCH!

ANOTHER cornerstone to our world-class (Yes, I'm saying it) educational program is Dealership University. We've tapped them to lead our Marketing Pillar for the DX National Retail Conference: They'll be delivering three interactive workshops to identify marketing targets, ways of integrating traditional and digital marketing, and new approaches for online marketing in 2015.

Dealership University is going to show you how you can conserve marketing dollars, re-allocate resources and emerge with much more successful results.

The DU approach to data analytics will give you the steps to reveal information to maximize your response rates with current and conquest customers. It'll also show you how to integrate marketing plan elements so you can take control of your budget and smoothly execute new initiatives as your customers' behaviors change.

"Let's face it, you're all selling commodities," explains Rod Stuckey, President of Powersports Marketing by Dealership University. "The real difference between you and every one of your competitors is your marketing and your ability to cultivate repeat and referral business."

Each of the DU workshops is an hour long and will be held consecutively on Thursday morning, so you can attend one, two or all three sessions.

You said you want world-class training programs. So far we're delivering The Retail Owners Institute, Dealership University and Mark Rodgers. And there's more to come; watch for additional announcements in June and our preliminary show program in July.



Are you ready?

Tracy Harris
Senior Vice President
tharris@advanstar.com

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BEYOND THE STOCK

YOU DON'T HAVE TO GO ALL OUT; A STARTING LIST OF SMART OPTIONS WILL GIVE YOUR CUSTOMERS' BIKES A UNIQUE LOOK AND FEEL

By Bruce Steever



Wrap kits offer a relatively inexpensive way to customize the look of a bike. Kits are offered by Factory Effex, with a Honda Skull Blue, top left, and Suzuki Rockstar, top right; and Bikeskins, bottom left and right.

WHILE SOME CUSTOMERS might be perfectly happy with their new motorcycles, the majority of buyers won't keep their machines stock for long. For most riders, customizing is an ingrained part of the two-wheeled lifestyle. But at the same time, because so many bikes will have aftermarket parts added at one point or another, customers often find their unique new rides look just like everyone else's.

But most owners aren't Jesse James or Roland Sands; they don't have the time, money or skill required to create a custom machine from scratch. So help your customers find that custom touch they're looking for without the headache, and take their bikes beyond the usual pipes, chrome and bolt-on standards.

For sportbike riders, performance is a strong driving factor, but style

is often just as important. Adding a truly different look takes more than a slip-on muffler and a windscreen, so something like a new graphics package makes quite an impact.

To do so without resorting to expensive paint and design work, graphics are now available as complete wrap kits from companies like Factory Effex and Bikeskinz. Factory Effex kits retail for \$249.95 and include fairing upper, lower, fuel tank, nose cowl, front and rear fenders, and swingarm pieces to add a completely new look to the machine, with design options including Rockstar Energy, various in-house designs and the ever-popular screaming skulls style. Bikeskinz retail at the slightly higher price of \$399, but offer a much wider variety of baseline options, plus the ability to customize graphics packages to varying degrees. Both options will set a bike apart from the crowd. ▶

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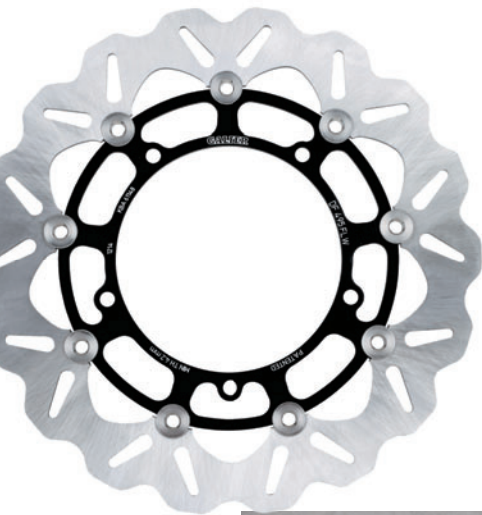
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offer greater benefits, with each laser-cut rotor offering improved cooling for consistent braking response. Plus, they look really cool, and that's enough for many riders to step up, whether they ride Harley, metric sportbikes or most anything in between.

A similar strategy can be applied to get maximum style for riders looking for the "slammed and stretched" sportbike look. Instead of making the leap to a full custom swingarm for several thousand dollars, C&S Customs creates a range of bolt-on swingarm extension blocks that provide the strength to handle drag racing abuse while providing a quicker and easier path to the long-swingarm style.

And if you want to really see style, check out the latest C&S extension application: the Honda Grom 125. For \$355 (plus a longer chain and brake line), your customer's Grom is ready to turn even more heads.



Galfer offers rotors, top left, in a variety of colors, top right. C&S makes extender blocks, middle, for the Grom. Saddlemen Schwantz Seat, right.

On the performance side of things, both sportbike and cruiser riders can benefit from improved chassis components, such as new suspension or wheels, but these big-ticket items can be a tough sell. By comparison, braking improvements offer real advantages to any rider, feature friendlier price tags and can give a bike a big boost in performance, style and street cred.

Galfer USA provides all three with its range of Wave Rotors and braking components. In addition to the performance benefits of stainless steel lines (reduced swelling for improved pressure and response, improved durability, custom-fitted per application), Galfer can produce lines with a variety of outer sheath colors to match nearly any paint scheme, with a full set of lines retailing for around \$150-\$200. And Galfer's patented Wave rotors (priced from \$140-\$330) ▶



DOES IT FIT?



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Many riders fail to realize how “functional” and “stylish” don’t have to be mutually exclusive, either. Saddles are a great example: typically, experienced riders only consider a new seat based upon comfort and functionality requirements, but with a bit of design work and different cover materials, a new seat can really update a bike’s look.

Consider Saddlemen’s Kevin Schwantz Brand 34 Signature Series seat for Suzuki’s GSX-R. For \$314.95 retail, the rider can look forward to a more comfortable saddle built around Saddlemen’s split Gel Channel technology, while adding some racing heritage with Kevin’s famous #34 and signature embroidered into the gripper cover material.

Another great customization option is a new instrument unit. It’s more subtle to observers, but new gauges greet the rider every time he or she turns the key, providing a long-term upgrade.

Koso North America is the go-to supplier for custom instrument panels for both sport and cruiser motorcycles. Depending on the needs of the installation, a new Koso gauge not only can add a new sense of style, but improve on the limited functionality of some stock dashes. In addition to the usual readouts for speed, rpm and trip meters, a full-function unit like Koso’s best-selling RX-2 (\$379.95) can display speed warnings, multiple temperature readouts and peak values for speed, water temperature or rpm. Plus, new technology will provide crystal-clear data



Koso dash parts, above, can change the style of a bike while offering more function. A customized Triumph Tiger 800XC, below, demonstrates unique coloring.

in an even more compact package, thanks to Koso’s upcoming D1 OLED (organic light-emitting diode) prototype gauge (\$349.95 est.).

Finally, don’t forget that the old tricks are often still the best: powdercoating, chroming and similar finish options can provide an excellent custom highlight for any machine. But don’t fall for the idea that you have to refinish a frame, engine or similar large component (requiring a full vehicle tear-down) to get good results. While Triumph’s Tiger 800XC SE shows how a unique colorway can create something special, similar treatments

to ancillary parts, such as handlebars, crash-bars or footpegs and foot controls, can yield great styles, and a quick look online finds a variety of providers willing to run powdercoat finishes on smaller parts for prices around \$50-\$100 per.

Customizing doesn’t have to mean \$40,000 choppers or wild one-off sportbike builds by big name celebrity builders, but it shouldn’t just be a bunch of me-too bolt-on accessories, either. By providing customers with smart custom options, you can earn their sale while giving riders unique machines for their hard-earned cash. **D**



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Photo: Adam Campbell



CST's new *Pulse* sport ATV tires are sure to provide heart-pounding, adrenaline-pumping traction!

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Tory Hornsby is the executive vice president of Dealership University and Powersports Marketing. Dealership University.

On the Web:

Can't find your April issue? Tory Hornsby's April column, "Spring Ramp up: Tips to hire and train great sales staff," is available on Dealernews.com. Just click on the Ezines or Issue Archives icons.

Steps to the sale

MAKE SURE YOUR SALES STAFF IS TRAINED ON THE FUNDAMENTALS

IN MY APRIL ARTICLE, I covered the importance of having a training plan and continuously improving it. Having a training system in place separates elite dealers from the ordinary, but it takes time and commitment.

I recently scheduled a new hire to start the day I returned from a weeklong vacation. Things are hectic the first few days back in the office, and I had urgent things to address, but training staff is important. So instead of having the hire shadow someone with no real plan, I followed the training system.

In his book, "The 7 Habits of Highly Effective People," Stephen Covey teaches to divide activities into one of four quadrants:

1. Important and Urgent
2. Important but Not Urgent
3. Not Important but Urgent
4. Not Important and Not Urgent

Most people spend all of their time on things that are urgent. They demand time and have to get done. But the most successful people discipline themselves to focus more on things that are important, but not urgent — like developing a training plan. You don't have to do it immediately, but it's extremely important.

SAMPLE SALES PROCESS

Your sales training plan should follow the sales process. Define what each step of the sale is and explain what you expect them to do. Here is a basic process, and ideas for what you can cover in each step:

- **Greet.** A salesperson's job is to bypass "just looking" by asking multiple-choice questions, giving the customer answers to choose from and, therefore, helping to guide the conversation. For instance, *Are you here for parts or service, or just taking a look around at some bikes today? Are you interested primarily in riding on-road or off-road? Have you been here before, or is this your first time?*
- **Interview/build rapport.** God gave you two ears and one mouth so that you would listen twice as much as you speak. So ask good questions and then shut up and listen for what the customer wants and needs. *What have you owned in the past? Where will you be riding? What have you liked about your previous bikes? What have you not liked?"*
- **Presentation/demo.** This is where you build value. Customers buy for their own reasons, not yours. So don't give them a cookie-cutter presentation based on the things you like. Instead, cover the features and benefits that are most important to them. You should know what's important to the customer because of the previous step. Never give a feature without a benefit: *It has fuel injection [feature], which not only gives you better gas mileage, but better overall reliability as well [benefit].*

- **Ask for the sale.** The best way to ensure a good closing ratio is to ask customers to buy. Don't be scared. If a good closing ratio is 20 percent, that means you have to get a "no" 80 percent of the time. Every time you get a "no," you are one step closer to getting a "yes." When you ask a customer to buy, you greatly increase the chance that they will. However, you cannot ask for the sale until some sort of rapport has been developed with the customer and value has been built. *Looks like we've found the perfect bike for you. Are you planning on riding home, or will you be using a trailer? You're going to love this model. Do you like the red one, or the black? Are you planning on writing a check for this, or will you be financing?*
- **Sit down.** Once you've asked for the sale, it's time to lead the customer to your workstation. Just say, *Follow me, or Right this way*, and then go sit down. The customer will follow.
- **Write it up.** Once the customer is sitting at your desk, it's time to fill out a worksheet and grab a copy of the customer's driver's license. Never offer a discount that's unnecessary. After all, consumers are used to shopping at Walmart, Target and the grocery store, where they don't expect a discount. Could you imagine someone haggling at the check-out with a buggy full of groceries? Many of your customers aren't expecting a big discount, either.
- **Handle objections.** Obviously, not everyone is going to buy. It's your job to find out why. Is it something about the dealership, or the bike, or the cost? Don't be scared to ask. When you uncover their objection be sure to empathize. *I understand what you're saying. We've had other customers who've said that too, and here is what they found...* Continue on and overcome their objection. If a customer said they needed time to think about it, you could say, *I understand. This is a big decision, of course. Let me ask you, do you need to think more about whether this is the right bike for you, or more about it fitting into your budget?* This will let you know if they don't like the bike, or if it's the price of the bike.
- **Close.** Done! They are buying. The close is the logical end after you follow all the beginning steps of the sales process. Don't take short cuts and jump to the close too soon. It'll come across as being pushy, and actually lower your closing ratio.

The more time you spend up front with each customer, asking questions, developing rapport and building value, the less time you'll have to spend handling objections and closing.

If you'd like a free copy of a training plan for a sales person, call me at 877-242-4472 ext. 101, or email me at thornsby@powersportsmarketing.com. **D**

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Rideable Art

CUSTOMIZERS UNLEASH THEIR CREATIVITY AT SHOWS LAST FALL AND WINTER



SAN MATEO From left: Dalton Walker finished his bike, which took first place in freestyle, at 1 a.m. the day the show started. Jim Carducci's 2003 Sportster, which won the modified Harley class, features a hand-formed aluminum gas tank, Ohlins suspension, custom triple clamps and custom swingarm. Paul Ponkow's "Bones Legacy" took first in retro modified, TPJ Customs took first in performance custom with Mabel, and Ric Escobedo's 2007 Honda Repsol CBR 1000RR won first in modified street.



DALLAS From left: Daniel Sanchez of Cut Throat Customs took first in freestyle with "El Deguelo," a 2010 CTC Custom. Juan Gandara of Lubbock Custom Motorcycles turned a 2007 Deluxe into "Firm Sueno" to win modified Harley. In retro mod, Mark Webster won with a 1977 Yamaha XS650 Café Racer. "Speedmetal," by Kyle Shorey of Shade Tree Fabrications, won performance custom, and Chop Shop Motorsports took first in modified street with "Gold Digger," a hardtail bobber.



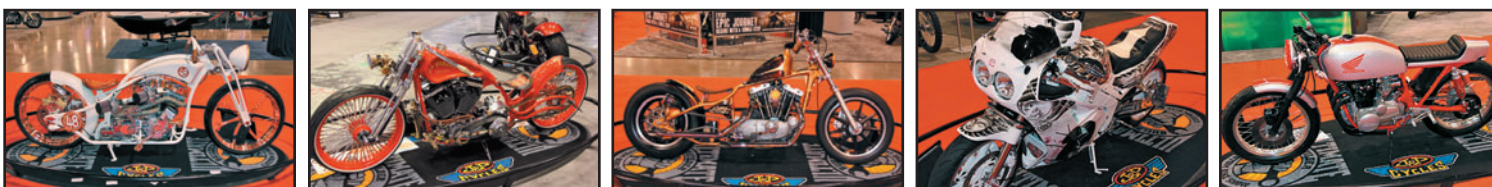
ATLANTA From left: Rich Worley's "Steampunk Shovel," based off a 1978 Shovelhead with paint by Chris Minichiello, won in freestyle. The W. T. Customs-built 2003 Night Train called "El Fuego" took top honors in modified Harley. Brad Powell of BradBikes won the retro mod class with a Streeacker, based off a 1972 Norton Commando. Michael Demby of Uptown Grafx won performance custom with "God of War," a 2003 Hayabusa, and Tyler Hughley won modified street with a Can-Am Spyder.



LONG BEACH From left: Sam Baldi of Profile Cycles won freestyle with "Lost Angel," and Chris Richardson of LA Speed Shop took the prize in modified Harley with a 1959 FL. Rett Comer's 1965 BSA Lightning, "Teal Terror" took first in retro modified, and Tony Sesto turned a Yamaha R1 into "Double Take" to win performance custom. "The Bonnie Killer," a rigid 1967 BSA, was built by DJ Tambe of Headcase Kustom Art and won the modified street class.



NEW YORK From left: George Stinsman built freestyle winner "The Hate Tank" for a client who deemed it too nice to ride. "Firehouse Racer" by Jon Shipley of Hoosier Daddy Chopper, won modified Harley. Mike Terwilliger won retro modified with a 1963 Panhead called "Scrapyard." Street Bikes Inc. won performance custom with "Alien," a 2009 Hayabusa, and Thomas Foulds from Working Class Choppers won the mod street category with "Jizeppi," his 1982 Suzuki GS450.



MICHIGAN From left: Ron Harris of Chop Docs rolled in "Ol' 48" to win freestyle. Shipley's "Firehouse Racer" took first in modified Harley, the second of four awards it would win. Wendell Turner of Turner's Cycle Shop won in retro mod with "Hung Low," a 1981 custom Sportster. Shannon Best, with the help of his children, won performance custom with "Ronin," a 1987 Yamaha FZR 1000 and Tony Cho and Dave Bowman won modified street with their 1975 Honda CB-400F.

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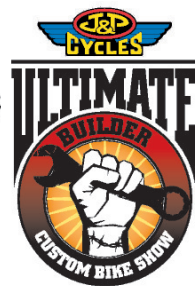


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Customizers from far and wide showed their artistry at the J&P Cycles Ultimate Builder Custom Bike Show at each of the Progressive International Motorcycle Shows during the 2013-14 tour.



WASHINGTON D.C. From left: John Dodson of Gangster Choppers won freestyle with "Low Down," and Adam Karns's Hooligan bobber, a custom 1974 Hog, took first in modified Harley. Devon Eckert of Whiskey Tango Choppers took first in retro mod with "Bad Reputation," a 1981 Yamaha XS650. Joe Brinkley of Precision Motorcycle won performance custom with a 2008 Kawasaki ZX14, and "Jizzeppi," which started out life as a Suzuki GS450, won its second modified street title.



MINNEAPOLIS From left: David Polgreen of the Wretched Hive took first in freestyle with "Miami Vice," a 1970s-era digger style sled. Pete Mason of Full Tilt Boogie won modified Harley with "Earl," a 1940 Knucklehead. TJ Designs brought in "Craig," a 1978 Shovelhead, and won first prize in retro modified, and Bill Lawson of Law-sonAWD won performance custom with an AWD motorcycle on a 2013 KTM 350 platform.



PHOENIX From left: Baldi took first again in freestyle with "Lost Angel," and Joe Watts of Knucklehead Cycles won modified Harley with "Negra," a 1986 Softail. Cherry Blossom from Hudson Motorcycles won retro mod after taking second in Long Beach earlier in the season. Caren Cooper of Big Sky Motorcycle won in performance custom with her 1997 Buell Mutan, which she raced herself, and Tom Garber won modified street with a bobber made from a 1999 Yamaha Road Star platform.



CLEVELAND From left: Jesse Bennett of Gasbox Customs won his third freestyle in as many years, this time for a BMW Boxer Bobber. Hoosier Daddy Chopper's "Fire-house Racer" won modified Harley again. Bill Steele, who splits his time between hot rods and bikes at Steele Kustoms, took first place in retro mod with "Blue Baller," a Pan Shovel. Perry Paugh of Dougherty's won performance custom with "Kanji," a 2004 Suzuki GSX 1300, and "Jizzeppi" from Working Class Choppers won mod street.



CHICAGO From left: Paul Widman won freestyle and the grand championship with "Jane Doe," a 1940 EL Knucklehead. Shipley of Hoosier Daddy Choppers won the modified Harley championship. Mark Webster of MW Performance won retro modified with "Stack of Dimes," a 1977 Yamaha XS650. "The Beast," by Fusion Custom Cycles on a 2007 Suzuki Hayabusa platform, won performance custom and Tony Prust of Analog Motorcycles won modified street with "DB3.5," a Bimota DB3 Mantra.



SEATTLE From left: Matt Adams of Red Soul won freestyle with "Crowned Jewel," a 2009 custom. First place in modified Harley went to a 2010 FLTRX bagger built by Urban Custom Bikes. Mike Beohike won retro modified with a 1947 Knucklehead. Chris Wilson and D.J. Johnson built "Top Fuel Harley" and took first in performance custom, and Jon Aesoph won the modified street class with his "CupcakeMoto," a 2011 BMW S1000RR.

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FUEL FOR THOUGHT

Dave Koshollek teaches sales and service classes for dealers. Contact him at dakoenterprises@cs.com, or via editors@dealernews.com.



THE 1960 MOVIE “The Magnificent Seven” is a timeless western that I love to watch over and over. Yul Brynner, Steve McQueen, Charles Bronson and James Coburn all stand out as gunslingers with consciences, epitomizing strength of character, great courage and resolve to do what’s right, even when the going gets tough. The Magnificent Seven were so convincing that the villagers who hired them took their lead, risked — and in some cases lost — their lives and fought off the bad guys. Talk about a sales job!

So, it got me thinking. What would it take for service advisors to strengthen their resolve to sell more custom work, more often? Customization is a lucrative and exciting part of our business, but not being advantaged like it should be.

Now, I’m not going to tell you what to sell. You’re the experts in that regard. But I am going to give you the seven ingredients of a magnificent customization consultation that will help you build that area of the business. Trust me, I know they work because I’ve

been teaching them for more than 14 years.

Break the ice and build the relationship by learning and using the customer’s first name. Get customers talking by complimenting their vehicle and asking simple questions like, *Your bike is in great shape. Do you do your own detailing?* The idea is to develop the relationship and break down

the “you vs. them barrier” so the customer is willing to participate in the next step.

Interview customers to learn their hidden wants and needs. Think of this as fishing: if you don’t throw your bait in the water, you won’t catch many fish. Your bait is to ask at least one question for each area of customization: comfort, purpose, looks and performance. For example:

- *Do you and your passenger feel completely comfortable and confident on the bike?*
- *What type of riding do you enjoy? Any longer trips coming up?*
- *What ideas did you have to enhance the look of the bike?*
- *Are you getting all the performance you want - or would you like more?*

With information gathered, it’s time to **make recommendations with a reason**. This is the technique that positions you as a friend, not a high-pressure salesperson. By connecting your product or service recommendations to something the customer told

you, or something you saw on their bike, the recommendation will be perceived as good for them — not just something you want to sell to make a commission. For example:

- *Based on what you told me about last weekend’s ride, I bet your wife would be interested in a passenger backrest to make her feel more comfortable and confident.*
- *A lot of my customers with a bike like yours have installed a taller windshield that greatly reduces fatigue and keeps the bugs out of their teeth. There are better ways to get your protein, you know.*

Provide a product experience to get the customer excited about the product. The best case scenario is that to have a bike in the store with the product installed so customers can see and feel it. At least pull the product off the wall and put it in the customer’s hands. Then communicate at least two features and benefits prior to stating the price. Example:

- *You can see how good this seat looks on the bike, plus it’s made with tough but easy-to-maintain vinyl, and it comes with a lifetime warranty.*
- *Check out how sturdy this luggage rack feels. It’s chrome plated, so it’s durable and looks great, and it’s big enough to hold the largest soft luggage we sell.*

Take the temperature of the sale before asking for the business. After any product presentation or demonstration, simply ask the customer, *What do you think? How does that fit (feel, sound, look) to you?* If the customer’s response is warm to hot, ask for the business. If the response is cool, offer a different item.

Ask for the business... every time! Thousands of sales are missed every day because associates don’t ask for the business by word or action. If the response from the customer was positive when you took their temperature, ask them how they’d like to pay: cash or credit. Or, simply put the item on the counter, which assumes their purchase. At the worst, they’ll decline. In most cases if their temperature was warm to hot, you got yourself a sale!

Seal the deal with service after the sale by, for example, offering to carry the item to their car or showing them how to operate or maintain it. And always thank customers for the business and invite them back to the store, especially if the store has an event coming up.

It only takes seven ingredients to be a magnificent consultant, and if you reflect on the great sales of your past, you have probably performed all seven steps without even realizing it at one time or another. All you have to do now is be magnificent more often. Steve McQueen would agree. **D**

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Leading from the front

BMW RIVERSIDE GOES FROM A MODEST BEGINNING TO A DOMINANT POSITION IN JUST FOUR YEARS

By Bruce Steever Photography by Joe Bonello

STARTING AS A NEW dealership in April 2010, **BMW Motorcycles of Riverside** produced year-over-year growth figures above and beyond BMW's already strong numbers. Due to a combination of aggressive leadership, hands-on participation in the sport and the right location, dealer principal Dan Schoo now finds himself at the helm of one of the strongest BMW dealers in the nation.

Schoo didn't start his career in the industry, but like others that move to the dealership world he found that his background gave him the skills necessary to build his business. "I spent 30 years in the technology world," Schoo said. "In the middle '80s, I started working on Internet-related technologies — at least eight years before the rest of the world realized there is a such a thing.

"My forte was startups, either starting up new groups inside of companies or working at small companies and getting them big. Eventually, they put a rope around me and pushed me into management."

Once promoted, Schoo found himself overseeing the many projects and teams he had created at firms like USRobotics and 3Com. As a vice president of engineering or chief technology officer, he managed upwards of 1,700 people around the world, but he always preferred to stay as hands-on as possible. "I always prided myself from leading from the front lines," he explained. "I never was totally comfortable just sitting at the top, looking down at a bunch of things. If there was a problem in the lab developing a product, I'd be right there with guys, all night long in the lab trying to sort our a solution.

"This management philosophy that I've used my entire life fits in perfectly well into a dealership, because it allows me to put my ideas into play in a collaborative environment. I know I'm not the smartest guy in the room most of the time, and I rely on my

really good people to figure out, together, what we should do."

After moving from the Chicago area to Silicon Valley, Schoo looked for a new challenge, if for no other reason than to avoid getting stuck in the cycle of startups and IPOs. While motorcycling was always on his personal radar, Schoo wasn't able to make the most of the sport in the Midwest. With family in Escondido, Calif., and work often bringing him to Los Angeles and San Diego, Schoo loved to ride in Southern California as his escape. It was during this time that he began to consider opening his own dealership, as well as narrowing down his focus to BMW in particular.

"I've always been a 'work hard, play hard' kind of guy," he said. "When I was engaged on serious projects, it was always an all-out effort, then I'd take a break, which typically revolved around backcountry and wilderness adventure motorcycling. BMW was the obvious fit for my riding.

"I got to know some of the dealership owners, so I got some good insight and understanding about what it was all about. I spent time looking at whether I wanted to buy a dealership and change careers," Schoo said. "I looked at probably eight or 10 dealerships over a five- or six-year period. BMW got to know me during the process."

Once Schoo was committed to starting his BMW business, the question of where was obvious — or was it? He knew he'd be in Southern California, but Riverside was an unusual choice in 2009. It was an open area for BMW, without a dealership for several years, but So Cal had been hit particularly hard by the housing crash. "These were some horrible years. This place looks vibrant now, but that was not the case at all four years ago. It was a ghost town," Schoo said. "It was fairly scary to crank up a business in that environment."



Despite some rough economic times, Schoo was confident enough in the brand and the area to move forward. He started with a modest floor plan and conservative goals. "I entered in cautiously," Schoo said. "In November 2009, I got a letter from BMW to do this, and in April 2010 I had it open. But it was a fairly small, bootstrap sort of effort. We weren't sure we could sell bikes, we weren't sure how it was all going to work out."

Despite the cautious initial plan, BMW Motorcycles of Riverside quickly blossomed. Starting with a staff of eight, Schoo has added four more full time staff members and is looking to add more in 2014. The dealership's sales have grown 50 to 70 percent per year, he said. He's quick to point out how BMW has been a strong company to work with in recent years, but at



Sales manager, Owen Balduf, left, and Owner Daniel Schoo take their motorcycles off road. It was that love of wilderness riding that led Schoo to start BMW Motorcycles of Riverside. Top: F800 GTs are on display at the dealership, which is part of a motorcycle mile in Riverside.

the same time, his conservative initial outlook turned out to be a thorn in his side as well. "BMW is a very predictable company with a good business model, but it can be a bit rigid at times. But I would rather take a predictable model or something that changes left-to-right every six months. They have absolutely been on a tear with the product push, and looking back in hindsight, there was probably no better time to start the dealership than when I did," Schoo said. "On the other hand, we've grown way faster than BMW has grown from a market standpoint, partly because I started so conservatively."

That rapid growth has been one of primary challenges for BMW MC of Riverside. But rather than become discouraged, the need to procure units has led to creative and aggressive moves.

"It's a challenge to grow quickly in the BMW structure," Schoo said. "We found ourselves fighting the allocation system's limitations. It's always a chicken and egg problem: you can't bring your sales rate up if you don't have inventory to sell, and you can't get inventory if you can't sell it in the first place. It's

extremely challenging to outpace the organic growth rate of the OEM, because everything is dialed-in to an allocation that works around average numbers. So we had to do a lot of unnatural acts to get ourselves through some of the barriers that too many dealerships get stuck at."

These "unnatural acts" included taking the originally conservative business plan and throwing it out the window. Schoo says he couldn't simply wait for the allocation model to catch up to his dealership's sales in six or seven years, so he set his team out with the task of tracking down models anywhere and everywhere.

"We didn't take enough risk in the risk year, so we started out at a lower rung. I had to do something to break out. So we had to go out and acquire bikes every way possible. Whether that was through auctions, trades with other dealerships, or buying bikes from snowed-in dealers, it was a necessary thing to do to get our sales rate up to match the opportunity we actually have in this area. We figured out that the system wasn't going to work for us, so we worked around the limita-

tions, perhaps working a little harder than most people would be willing to work, but we made it happen. A couple times, we looked at ourselves and wondered what the hell we just did, taking a little more risk than would be obvious."

At the end 2013, BMW Motorcycles of Riverside was fourth overall in national sales, and led the nation in GS Adventure sales. (Schoo declined to give a figure, but he said he will be getting a "significantly larger" number of the new water-cooled R1200GS Adventure compared to other dealers.) Schoo notes that the location, with a position on a major transportation corridor, a 12-month riding season and accessibility to a variety of riding, including dirt riding less than a mile away, hasn't hurt, either. In addition, his dealership sits on the same block as a major multiline metric dealer and a large Harley-Davidson store, making the area a destination row for bike buyers.

"It was a pretty amazing accomplishment in such short period of time, considering that we started so small and so conservatively," Schoo said. "It's a reflection of a lot of hard



Left: Owen Baldof and local policemen discuss the merits of a bike at BMW of Riverside. Above: Gear and bikes on display in the showroom.

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OWNER: Daniel Schoo
GENERAL MANAGER: Daniel Schoo
FIXED OPERATIONS MANAGER: Jason Thomas

NO. EMPLOYEES (TOTAL): 12
YEARS IN BUSINESS: 4 yrs
YEARS AT CURRENT LOCATION: 4 yrs

ANNUAL REVENUES (\$): 7.2 M
DMS USED: DealerTrack
NEW VEHICLE BRANDS/FRANCHISES: BMW

AFTERMARKET BRANDS: Schubert, Arai, Bell, KLIM, Powerlet, Gerbing, Parts Unlimited, Olympia, SIDI, Touratech, Altrider, Illium, Black Dog Cycle Works, K&N, RAM

HOURS OF OPERATION: Tues.-Fri. 8 am to 6 pm and Sat. 8 am to 4 pm

GROUPS/ORGANIZATIONS SUPPORTED: LEAC (Riverside County Law Enforcement Appreciation Committee), RPOA (Riverside Police Officers Association), Arlington School Sports

STORE SIZE: 7,500 sq. ft.
SHOWROOM SIZE: 2,800 sq. ft.
ACCESSORIES/APPAREL DEPT SIZE: 1,200 sq. ft.
PARTS DEPT SIZE: 1,400 sq. ft.
SERVICE DEPT SIZE: 2,100 sq. ft.

SALES DEPARTMENT
SALES MANAGER: Owen Balduf
F&I MANAGER: Owen Balduf
ASSOCIATES: Rene Orellana

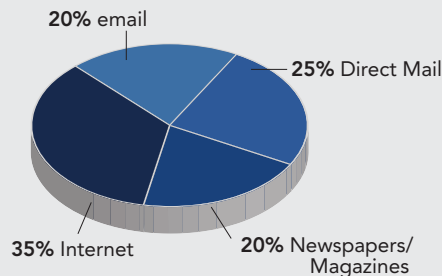
PARTS DEPARTMENT
PARTS MANAGER: Darren Maddox

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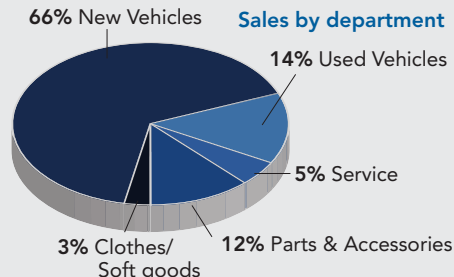
ECOMMERCE/MARKETING DEPARTMENT:
DEPARTMENT MANAGER: Steve Hobart

SERVICE DEPARTMENT
SERVICE MANAGER: Kile Miller
NO. TECHNICIANS: 3
NO. BAYS/LIFTS: 7
SHOP RATE: \$100/hour

Advertising budget



Sales by department



work. Quite honestly, it's at least a couple years ahead of where I thought we would be.

"I always thought there's no better place in the world to sell motorcycles than Riverside, Calif. The riding is tremendous around here: you have adventure riding, sportbike riding, racing in the area is superb, touring — it's all here. And on the new Adventures, we knew the allocation would be based on sales rates, so we took everything we could out of BMW's inventory that they permitted us to take. We could take one bike a day, so we did — until they were gone. We acquired bikes from other dealers that might have been worried about getting stuck with prior-year models. But we still have work to do on [procuring] the regular 1200GS. I haven't had one on the floor to sell in 15 months."

Those aggressive moves in the adventure-touring segment have worked well for both BMW and BMW Riverside. But for Schoo, it comes back to initial interest. "Adventure bikes are what got me into this," he said. "We can't help but exude passion for the sport. It's who we are, it's what we do everyday. My goal in life is to work hard but still make time each year for a few months of adventure riding. And customers like to know that we understand that sport, we understand the products, we've tested what works and what doesn't work. We definitely can provide all the expertise in the world to help people get into this."

With a focus on adventure bikes, BMW Motorcycles of Riverside maintains a good relationship with RawHyde Adventures.

Besides being a RawHyde Center for Excellence, BMW Riverside's sales manager, Owen Balduf, is an instructor for RawHyde.

Adventure bikes can help build a dealership, thanks to accessorization, gear and all the other little things that adventure riders need. "The business benefits are nice to have," Schoo said, "but it's mainly the fact we share the passion for adventure biking. We felt it best to focus on what we had."

"I've always been a believer that you should do one thing really, really well. Rule No. 1: chose what you do carefully, and do that extremely well. That philosophy has worked my entire business career."

Schoo is unwilling to claim a specific magic ingredient for his dealership's growth, but he cites several important factors. He measures his progress, keeping score as a business manager should. He set out with a modest, long-term plan. And he knew that top-notch mechanical service would forge customer relationships that would lead to sales. "I always bought my bikes where I liked the service," Schoo said. "I'd take my bike wherever I found the best service, develop relationships with that dealer, and eventually purchase a new bike there. So we built ourselves on the back of the service department and let bike sales take care of themselves. And they did. It turned out to be a good thing."

But it's the relationships that seem the matter the most in his eyes. "I didn't start up the dealership to flip it in two or three years, or see how much money I could make this month, or this quarter," Schoo said. "The

important premise for us was to develop the dealership and develop a relationship with our customers that was a long-term one. It had to start with community and personal relationships. We want to be an 'old school' type of shop, the kind I used to hang out at when I was a kid in the Midwest. We fight to develop our own personality. Our customers appreciate a more boutique-y, dedicated, deeply knowledgeable type of a shop."

"The thing that surprised me the most is the interaction I get with the customers and how many of them have turned into lifelong friends. I knew that element was there, but I definitely underestimated the fun times you have interacting with customers. This business has given a lot more back to me than I expected. I'm passionate about motorcycling, particularly about adventure motorcycling, but if you're going to be in this business, it's important to be passionate about it, and the people involved in it."

Schoo and his team have plenty of work to do. They've got a bunch of GS Adventures that need homes. There's Schoo's daily driver, the dealership's water-cooled GS demo bike, that needs to be officially sold — considering that it's got about 17,000 extra miles on the clocks than the typical demo machine. And they will be updating the dealership's layout soon as part of BMW's network-wide initiative to modernize storefront styling. But Dan Schoo is confident that his dealership will continue to excel, complete with its own unique twists and turns, all throughout the process. **D**



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One other interesting note: The sales team wrote up 75 of 105 (71 percent) of customer log visitors, compared to 72 of 127 (57 percent) last March. But this March, the dealership closed only 48 deals (46 percent), compared to 57 deals, or 60 percent of write-ups, last March.

"This is an indicator that we weren't in control of our customer, that we weren't doing our job," Shenk said. "When you record only two customers for every delivery you make, you're not recording all of your customers. A more acceptable ratio is 5:1."

SALES PRIORITIES

Inadequate recording of customer traffic also can be an indicator that the sales manager is spending too much time talking to customers and not enough time managing the sales staff.

It also could mean that the sales staff isn't performing. "Getting a phone number from a person you don't have a relationship with is very difficult," Shenk pointed out. "If sales people aren't building relationships, they're not going to get the information we need. It's that simple."

If you're going to grow your business, Shenk argued, you have to know who did not buy and why they did not buy. "Nothing is

more important than this, and you won't have this information if you don't record the conversations," he said.

While it looks as though traffic was down in the new store compared to the same month in the old store, Shenk said that's not the case. "We're just not recording the conversations with prospects."

Shenk noted that phone calls are up and that in April the dealership sold 70 units, an all-time record for any month in the dealership's history. **D**

EDITOR'S NOTE: The Dealer LAB project is a joint effort between Dealernews and PowerHouse Dealer Services, a consulting firm operated by former dealer Bill Shenk, detailing his efforts to return a Florida power-sports dealership to profitability.

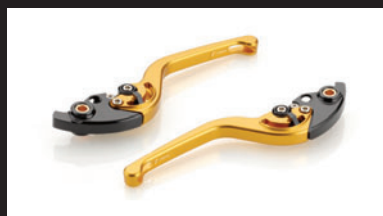
The dealership has several lines, including Yamaha (MC, ATV, UTV and PWC), Kawasaki (MC, ATV, UTV, and PWC), Suzuki (MC and ATV), and Polaris (ATV, UTV and Victory).

The financial information in this report is taken from the dealership's Composite Report supplied by Shenk and is prepared as part of the dealership's participation in the PowerHouse Dealer 20 Group. The Composite Report is produced from the store's monthly financial report. In preparing these Dealer LAB reports, Dealernews reviews the dealership's unaudited P&L statement and Balance Sheet and its Composite Report.



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Catching a ride

Photo credits: NSP/Joë Wriegele

SXS RACING GIVES DEALERS EXTRA MARKETING, SALES KICK

By Beth Dolgner

THE EVOLUTION OF SIDE-BY-SIDE models is proof that if something has a motor in it, then someone will want to race it. Originally the workhorse of the powersports world, the humble SxS design has expanded to include performance models like the Polaris RZR XP 1000 EPS. The SxS racing movement has grown exponentially in the past two years, offering plenty of opportunities for dealers to get involved and possibly make more sales.

There are more SxS racing opportunities now than there were just a couple of years ago. On the national level, there are events like the Terracross Championship, which began three years ago and is televised on CBS Sports. SxS and ATV racers qualify for the Terracross Championship at races held by regional sanctioning bodies, like the Georgia Offroad Racing Series (GORS). WORCS Racing and GNCC are also hosting SxS racing, as are a host of smaller organizations.

"It has been an explosion of driver count," said Tim Shelman, director of operations for WORCS

Racing. "We offered it originally as a kind of sideshow entry for guys that had Rhinos and wanted to ride on the MX track. Now we're having an average of 80 cars."

GORS is only in its second season. The 2014 fields have doubled from last year, and racers are traveling to Georgia from as far away as Ohio. The series is exclusively for SxS racing, and owner Tim Wyatt said his organization was expecting as many as 35 vehicles for an upcoming event.

As a qualifying series for the ultra-competitive Terracross, Wyatt warns that GORS is not for the Sunday driver. "We don't cater to the trail rider guy," he said. "When I build my tracks, they are high-flying crowd pleasers, and the racers really enjoy it."

Cost effectiveness is widely named as one of the reasons racers are turning to the SxS segment for their competitive kicks. Manufacturers are offering models that need only a few modifications before they are eligible for racing.





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Photo credit: NSP / Joe Wiegel

Then, of course, there is the safety factor: Having a five-point harness and a crash cage takes a lot of the risk out of racing. "I can crash this machine, and I'm going to work on Monday," said Wyatt, who also races in WORCS. "That's a huge appeal. I think the safety aspect of it is what is driving people there. There are all different walks of life in it."

Wyatt is not exaggerating about the broad demographic spectrum.

In 2013, a 9-year-old girl won a championship in a Polaris RZR 570 EPS, and a 14-year-old won the 850 class.

In WORCS, competitor ages range from 6 to 68. Warrior Strong Race Team fields SxS entries, allowing wounded and amputee military veterans to race — something that would have been a lot more difficult in other racing disciplines.

As SxS racing has grown, so has dealer involvement. **Nielsen En-**

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terprises in Lake Villa, Ill., has been a supporter of Terracross from the start. Owner Ted Nielsen has seen increased SxS sales as the racing craze has grown, and he is optimistic about its continued growth. "Trails are opening up to side-by-sides, too. Like anything else, it's that competitive nature. I think we'll see a lot more of the performance side-by-sides out there," Nielsen said.

He also encourages other dealers to get involved, saying, "I really think that every dealership should support this racing. I think they'll find it will bring back a lot of return on their investment."

The support goes both ways as series growth is bolstered by dealer awareness and involvement. "The dealer network is the biggest asset to us to get those guys in a machine and get them racing," Duncan said.

As for what parts SxS racers are buying — and what parts dealers should consider stocking or offering to speed-minded customers — a lot of OEM upgrades are popular, including skid plates, roofs and doors. Other necessities are window nets, five-point harnesses, roll cages and even small accessories like fire extinguisher mounts.

Parts availability and sponsorship go hand in hand. **Jenks Polaris** in Estill, S.C., is a sponsor of GORS, and Wyatt said that its involvement gives racers confidence that dealers are, in fact, invested in their sport. "I know guys that purposely go buy their parts there simply because they're our sponsor. Loyalty is a big deal," Wyatt said. **D**



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The Tesla insurgence

CAN WHAT'S HAPPENING TO THE AUTO DEALER SALES MODEL AFFECT HOW MOTORCYCLES ARE SOLD?



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YOU'D HAVE TO BE living a pretty insular life not to be aware of the changes in the way automobiles are being sold. The business model of manufacturer-to-dealer-to-customer has changed only slightly since it was established early in the 20th century, and as we know, it's a model that has been copied by motorcycle manufacturers.

The internet has changed the way cars, motorcycles and related accessories are marketed and sold. Last year, GM began experimenting with an online sales program called Shop-Click-Drive that enables a consumer to buy a car or truck without ever going into a dealership. The test program involved 100 dealers in Michigan who, according to an article in Time magazine, collectively sold 900 vehicles. The program went national in 2014, and a recent news release by GM claims 1,600 cars have been sold in more than a third of GM's 4,300 participating dealers in 47 states via the program.

Vehicle selection, test ride, trade-in value estimation, pricing, financing and delivery all can be accomplished without the buyer calling on a dealer. In the case of a test drive and delivery, the dealership will, at some additional cost, deliver the car to your doorstep and pick up your trade-in.

THE GAME CHANGER

Like the motorcycle OEs' direct accessory sales program, the dealer in the GM scenario makes a smaller profit but (according to GM project management) should make up in volume what's lost in margin.

It's not a bad program, and it may work for the motorcycle business.

Tesla Motors' business model, however, is a real game changer for automotive retailers. The brand has attracted a lot of attention over the past few years, first with an expensive all-electric, two-seat sports car followed by a somewhat less expensive four-door sedan. The most remarkable thing about Teslas in a world of emerging hybrid and electric cars has been the fact that they can get up to 175 miles on a charge and be recharged quickly enough to make them a practical alternative to a gasoline-powered vehicle.

In the meantime, Tesla is radically reshaping the way vehicles are sold. It doesn't have privately owned dealerships. All "galleries," service centers and dealerships are company-owned. Vehicles are sold by the factory direct to consumers, leaving independent dealers out of the equation.

The situation has come to a head as Tesla has expanded into states such as Texas and Arizona, where the notion of an OE-owned dealership violates existing franchise laws. Dealer associations in 14 states are

legally challenging Tesla's business model and have been successful in a number of efforts.

On the other hand, Tesla has found friendlier sales environments in Virginia, Massachusetts, California and Colorado.

Tesla has built its galleries, where one can view the cars, in high foot traffic areas like shopping centers. Their front-line staff isn't made up of sales people but, rather, "product specialists" who are paid a salary, not a commission. They do not "sell" vehicles; they only educate buyers with regard to the costs and benefits of owning a Tesla, or as Elon Musk, Tesla's CEO and chief product architect says, "other electric cars." Buyers also can design a car online, or visit a Tesla gallery to spec and arrange financing for the car of their choice.

Musk makes some interesting points defending Tesla's retail marketing plan. "Franchise laws were enacted to prevent a manufacturer from unfairly opening stores in direct competition with an existing dealer franchisee," he has said.

Musk claims that since Tesla has no independent dealers in any country in which their vehicles are sold, no existing dealers are hurt by the company's marketing practices. He further maintains that the vehicles, gas and electric, are fundamentally different, and the typical multiline dealer would have to deal, perhaps unfairly, with the question of electric vs. gas.

SHOP-CLICK-RIDE IS NEAR

The aforementioned GM business model, Shop-Click-Drive, is almost here for the motorcycle industry, given the OEs' current programs with clothing and accessories. Whether it's a good or bad deal can be argued. The customer may find this sales model easier to use. The dealer doesn't pay a commission to a salesperson. I doubt that many buyers will insist on having their bikes delivered, though I bet most would prefer a test ride near their home, but that may be academic given many brands' reluctance to offer them.

The question in my mind is how soon — or if — an OE will try to replicate Tesla's business model in the motorcycle business. And who will it be? The cost for an existing brand such as Harley-Davidson or Honda would be prohibitive. They'd have to buy out existing dealerships, and dealers who refused to sell would create a conflict of interest in direct violation of franchise laws in many states.

My guess is that if it happens at all, it will be someone, like Tesla, new to the market with new technology. But in reality, there simply isn't enough sales volume in our industry for a single-line startup to be viable. What do you think? **D**

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