# Deal Charge of Powersports Retailers of the Voice of Powersports Retailers of the Control of the

VOL. 49. NO. 3 MARCH 2013 DEALERNEWS.COM

























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There are a few racers that can trade their high visibility and skill for discounted services, but the faster the racer, the faster the drain." — John Beldock, Erico Motorsports

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# FROM THE EDITOR

Mary Slepicka

# A DELICATE BALANCE

HOW CAN DEALERS KEEP FOCUS, WHEN THERE'S SO MUCH FUN TO BE HAD

**DEALERNEWS IS THE VOICE** of Powersports Retailers, helping them combine their passion for the sport with their pursuit of profit. That's our mission statement. It was developed over a decade ago by a bunch of people (myself included) sequestered in a conference room for two days working out what *Dealernews* had to be in the coming years to propel your business (and, by default, ours) forward.

This is an enthusiast-based industry, and because of that, business is riskier. Retailers walk a fine line between their passion for the rider lifestyle and the need to produce a profit. Lose your focus, lose your balance, and pretty soon you're out of business. And if you absolutely love the lifestyle, the lesson that you can't make a living at it is a bitter one to learn.

This month we focus on racing and performance. As you'll find in Bruce Steever's "Racing ROI" story (starting on page 32), dealers must go beyond their passion for the sport to determine whether they can produce a profit by supporting racers and race events, and even building and sustaining race teams. A Midwest dealer builds a Dakar-related client promotion. California sportbike dealerships find that "walking the walk" also gives them the upper hand when they are negotiating prices with their go-fast customers.

But for every dealership that has the green light, there are dozens of others providing sponsorship dollars and free parts to racers, with little or no payback. Some have been forced to cut back.

"OEMs and dealers alike are forced to make critical evaluations on how to spend their constricted budgets," Steever reports. "It seems that many business owners...are choosing to sacrifice racing support and involvement. Does this make good business sense, or are these cost-conscious dealers throwing out the baby with the bathwater?"

Combining passion for the sport with the pursuit of profit. It requires a complicated mix of emotion, skill ... and Excel spreadsheets.

OUR COVER STORY is actually a collection of stories, starting on page 14. We present mini-profiles of the Top 100 Dealers who received additional honors on Feb. 15 in Indy. I'd like to briefly talk about two of them.

The industry saluted its 2013 Dealer of the Year, McGrath Powersports – which incidentally was our cover dealer in September 2012. The headline for that issue was "Passion Play" – and the story was about how Mike McGrath and team run a growing business and have a ton of fun while doing it. Make no mistake – McGrath is one of the savviest dealers out there. He just also knows how to have a good time living the rider lifestyle.

The Don J. Brown Lifetime Achievement Award for 2013 was given to Bob Althoff of **A.D. Farrow Harley-Davidson** in central Ohio. Althoff is the human manifestation of the *Dealernews* mission statement. He is a Zen master, a moto-hybrid of a man intent on nurturing his business, his community and his industry, and going for a sunset ride in the meantime. In doing so, he is an inspiration to us all.

Passion for the sport. Pursuit of profit. Riches to those who can succeed at both.

Mary Slepicka Content Director mslepicka@dealernews.com

# WE'RE NOT JUST BANKERS, WE'RE BUILDERS.

Building a profitable powersports business is a team effort and at GE Capital we are proud to be part of your team. Bill Newman, manager of Performance Motorsports, relies on Yamaha, and its cruiser brand, Star Motorcycles, to provide exciting products to drive consumer traffic to his dealership and on GE Capital for simple and easy consumer financing solutions to help customers take their dream bikes home.

Winning in this market requires smart, customer-oriented dealers, great powersports brands and a financing company who really delivers. The result: More sales, more profits, and more fun.



**Speed Read** gets you caught up on the top stories in powersports as reported on **Dealernews.com**. Sign up to receive the **DealerNEWS ALERT e-newsletters** for news delivered right to your inbox.

### PERFORMANCE SALES: Does your team have the skill to sell high-end helmets?

**NOT LONG AGO**, the Schuberth brand was completely under the radar of most dealers and consumers. Today it's still a niche brand compared to the established giants, but that doesn't stop the German company from taking valuable bites of the premium helmet market from the Japanese brands.

Leading that charge are new full-face helmets like the S2 and the SR1. With sights set firmly on top-shelf helmets such as the Arai Corsair V and the Shoei X-12, the SR1 shows how clean-sheet design can create a truly better helmet. But in this rarefied air of \$750+ helmets, do you have what it takes to sell super-premium lids?

Some dealers prove that high price points don't mean minimal helmet sales; in fact they make strong profits without resorting to *good-better-best* mentality. There are several strategies when it comes to merchandising super-premium helmet brands.

#### 1. LIMIT THE CHOICES.

Successful shops maintain a small, focused lineup of helmets. Customers aren't given a bewildering array of brands from a variety of countries or a large range of price points. "We believe in only carrying premium helmets. We take pride in what we sell and do not fit anyone in a helmet we would not personally use," says Jus-

tin Juencke of Ducati Triumph Newport Beach. "We stock Schuberth, Shoei, Arai and recently brought in the Bell Custom 500 to cater to our Triumph customers who ride the Modern Classic lineup of motorcycles. I would say over 95 percent of the helmets sold here fall into the premium helmet category."



Too much choice quickly overwhelms consumers and

can even dissuade them from making any purchase at all. How much harder is it to sell a \$750 helmet when it sits next to a \$200 competitor?

#### 2. DON'T PROFILE YOUR CUSTOMERS.

Successful premium helmet dealers treat every customer like an Arai guy or a Schuberth rider. Peter Meade of **Bob's BMW** says that while you will know a few general trends of your customer base, you simply need to make sure you give your best to each of them. "Overall, our customer base is well-educated.



# CycleTrader.com TOP VIEWED BIKES (December 2012)

<b>VEHICLE</b>									
	Central Plains	<b>Great Lakes</b>	Mid-Atlantic	Northeast	Pacific	Pacific Alaska	Rocky Mountain	Southeast	Southwest
	%	%	%	%	%	%	%	%	%
Cruiser	32	32	31	30	22	29	30	31	31
Dirtbike	6	6	8	4	10	12	9	9	6
Dual-sport	: 5	4	6	8	9	8	7	5	5
Motocross	2	3	3	1	7	4	2	2	2
Scooter	3	3	3	3	5	3	2	3	2
Sport tour	ing 3	3	3	4	3	4	3	3	3
Sportbike	14	18	18	21	22	17	14	22	21
Standard	9	7	8	8	7	8	7	4	5
Touring	11	16	13	13	11	11	19	11	16
Trike	2	2	2	1	2	1	1	3	5
other	13	6	5	7	2	3	6	7	7
Top Brands	H-D (22%), Honda (20%)	H-D (19%), Honda (18%)	H-D (22%) Yamaha (16%)	Honda (16%), H-D (15%)	Honda (18%) H-D (17%)	H-D (20%), Yamaha (17%)	H-D (28%), Honda (14%) Polaris (14%)	Honda (23%), Yamaha (17%)	Honda (19%), H-D (19%)
Notes	Strong interest in antique/vintage	Yamaha emerging as strong No. 3	Strong interest in off-road models.	Strong BMW region (12%)	Scooters strongest in this U.S. region	Continued rise in cruiser interest	Touring strongest in this U.S. region	Custom bike interest high at (5%)	Trikes strongest here

Consumer study of vehicles enthusiasts are viewing online at CycleTrader.com. Study conducted by Dominion Insights, which collects data and reports to dealers and OEMs. Find out which specific models received most consumer interest at http://dominioninsights.com/dealernews



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# SEE YOU IN 2014!

A huge THANK YOU for being a part of Dealer Expo 2013! We all share a passion and commitment to this industry, and look forward to celebrating your dedication to powersports in the future.

WHERE THE INDUSTRY CONNECTS.





























They are informed about high-end products and rightfully expect outstanding customer service. They expect the same shopping experience that they have learned to expect from high-end retailers."

## 3. HIGH-TECH HELMETS DON'T SELL THEMSELVES.

One mistake made by many dealers is to assume that the reputation and name cachet of the new product is needed to make the sale. Today's consumer is less likely to make big purchases on impulse, especially on big-ticket items. Be prepared to show your knowledge of the product. Be ready to explain why this helmet is not only worth its price tag but is the right helmet for that customer's needs. Do what Internet research cannot.

"Proper fitment of a helmet takes time, as we educate the customer about the cutting-edge technology that is offered," Meade says. "After the technical fit requirements are met, we then look to comfort by asking the customer to wear the helmet for approximately 20-30 minutes to be sure there are no pressure points or liner fit issues. At that point we can make any necessary adjustments to fit the customer appropriately by making use of our fully stocked inventory of head and cheek liners."

Customers want to make sure — to be reassured — that they are about to buy exactly what they have been looking for.

## 4. LET THE HELMET SPEAK FOR ITSELF.

Motorcycle riders love technology and having that cool new thing, so sometimes it is enough to simply make the product available. When that happens, forget about the close, just focus on the service a customer should expect with a premium helmet.

"Our customers are well-educated on what they want and already know the many features a Schuberth helmet incorporates," explains Jim O'Brien of Irv Seaver BMW. "In a way, a premium helmet goes a long way in selling itself. Typically, a customer already knows he wants a Schuberth when he walks in, and we simply measure their heads and help them arrive at a correct size."

Think electronics. When the next great thing gets released, there will always be people waiting in line for it. For days. And nights. In the rain. — *Bruce Steever* 

Read more of Bruce Steever's article on selling premium helmets, on www.dealernews.com

#### WHAT'S TRENDING on DEALERNEWS.COM:

**TEUTUL SR. FILES BANKRUPTCY ON OCC MERCHANDISING UNIT** Hudson Valley Merchandising lists \$1.12 million in assets and \$1.44 million in debts in the late-January filing.

#### HONDA REPORTS 29 PERCENT BOOST IN NEW-UNIT SALES

"Positive impact of NC700S, NC700X and SH series introductions" credited for North America's sales increase. OEM also cites increasing CBR250R sales.

#### CAROLINA DEALER STARTS SELLING SURVIVAL SHELTERS

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#### SECOND YEAR OF PROFITABLE OPERATIONS, BUT NET INCOME DROPS IN 2012

BY JOE DELMONT

EDITOR'S NOTE: The Dealer LAB project is a joint effort between Dealernews and PowerHouse Dealer Services, a consulting firm run by Bill Shenk, detailing his efforts to return a Florida powersports dealership renamed Destination Powersports to profitability. 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.

**BILL SHENK AND** his partner in December wrapped up their second full year of ownership at **Destination Powersports** in Punta Gorda, Fla., and in doing so posted their second consecutive year of profitable operations.

Unfortunately, net income for the year was less than what it was in 2011.

In 2012, the dealership posted net earnings of \$152,131 on total revenues of \$5,473,524, down from net income in 2011 of \$225,333 on total revenues of \$5,195,851. That's a drop of \$73,202, or 32.5 percent.

The biggest factor affecting net income was the huge increase in flooring costs due to reduced support from the OEMs, Shenk says. Flooring costs for the dealership climbed to \$105,287 last year, an increase of \$70,413, or more than 200 percent from the \$34,874 posted in 2011. This increase drops directly to the dealership's bottom line and would have made net income for the two years just about flat (\$225,333 in 2011, compared to \$222,544 last year.)

Gross profit for 2012 was \$1,307,974,

down \$34,217, or 2.5 percent, from the \$1,342,191 earned in 2011.

While unit sales, F&I and parts posted revenue gains for the year, accessories and service dragged down total revenues.

Unit sales were up substantially, with sales of new and used units topping out at 553 units for the year, up 14 percent from the 485 new and used units sold in 2011.

The big gainer in unit sales last year was the ATV/SxS segment, which sold 81 new units compared to 53 in 2011. Used units were off a bit last year, dropping from 12 to nine. In 2012, the dealership sold 17 more new ATVs and 11 more new SxS units than it did in the previous year. The big boost came from adding Polaris in the early summer of 2012.

Sales of new motorcycles were about flat: 139 in 2012 vs. 140 in 2011, but used bike sales improved, climbing from 154 in 2011 to 169 in 2012. "We already dominate our marketplace with new-unit penetration. Unless the new-unit market potential increases, we are capped. Used units were our growth op-

portunity in 2012 and it looks to be that way again in 2013," Shenk said. "Flooring capital and finding used inventory was our limiting factor. We were able get more inventory in 2012. When we buy more, we sell more.

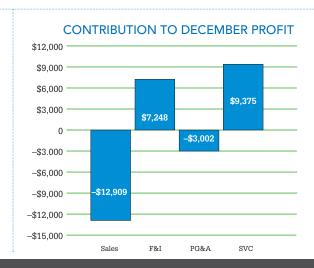
"Our problem is that we have to find the used inventory, and then we have to have the money to buy the units and the space to store them," he added

Noteworthy was the "other" category, which includes new trailers and used boats, and PWC. In 2012, the dealership sold 40 new and 40 used "other" units, up from 31 new and 13 used in the previous year. The dealership had good growth in pre-owned PWC in 2012 over 2011.

For the year, service was the poorest performer, but we saw that as we tracked the dealership's operations each month. Revenue from service last year was \$299,271, down sharply from \$411,136 in 2011. That's a drop of \$111,865, or 27 percent, year over year.

Customer labor revenue came in at \$234,063, or 98 percent of the \$240,942 forecast, but it was off from the \$279,380





The Dealer Lab is a real-world service from





	Mont	h-Over-N	Month Co	mparisor	s and YT	D Totals:	Decembe	r 2012		
SALES		% of Tota	al Dollars		% of Total Dollars				% of Tota	l Dollars
	Dec-12	Dealer	Top Gun	Dec-11	Dealer	Nov-12	YTD 2011	YTD 2012	PVS	DLR
Units Sold (New & Used)	38			55		41	485	553		
Sales	275,943	73.6	75	493,321	78.4	304,103	3,872,136	4,296,008	7,769	78.5
F&I (net)	10,251	2.7	4	21,248	3.4	16,811	188,401	199,547	361	3.6
Parts	26,415	7	7	32,638	5.2	24,217	302,591	323,937	586	5.9
Accessories	29,754	7.9	9	45,301	7.2	32,055	421,586	354,761	642	6.5
Service	32,452	8.7	5	36,660	5.8	31,811	411,136	299,271	541	5.5
Total Sales	374,815	100*	100*	629,168	100*	408,997	5,195,850	5,473,524	9,898	100*
Total Cost of Sales	268,911	71.7	76	489,885	77.9	295,747	3,853,660	4,165,550	7,533	76.1
Gross Profit	105,904	28.3	24	139,283	22.1	113,250	1,342,190	1,307,974	2,365	23.9
EXPENSES		% of Dept.	Gross Profit		% of Dept Gross Profit				% of Dept (	Gross Profit
	Dec-12	Dealer	Top Gun	Dec-11	Dealer	Jan-12	YTD 2011	YTD 2012	PVS	DLR
Payroll			•							
Total Sales (5.25/4.0 Empl)	20,718	38.6	31	27,938	35.8	18,518	238,135	266,185	481	33.2
Total P&A (2.20/2.5 Empl)	10,094	44.5	45	10,079	38.5	8,279	93,659	97,703	177	44.6
Total Service (4.50/5.00 Empl)	18,624	57.4	54	20,436	56	18,502	222,880	187,740	339	62.7
Flooring	9,370	17.5	12	4,220	5.4	8,313	34,874	105,287	190	13.1
		% of Dept.	Gross Profit		% of Dept Gross Profit				% of Dept (	Gross Profit
Admin Payroll	6,863	6.5	8	6,609	4.7	7,090	79,420	85,474	155	6.5
Advertising	4,711	4.4	6	2,345	1.7	4,204	66,189	42,854	77	3.3
Administration	20,622	19.5	19	19,956	14.3	18,407	197,892	204,932	371	15.7
Rent	15,058	14.2	14	12,779	9.2	12,697	156,563	167,847	304	12.8
Co. insurance	1,992	1.9	3	1,943	1.4	1,980	24,704	24,735	45	1.9
Total Expense	108,052	102	97	106,305	76.3	97,990	1,114,316	1,182,757	2,139	90.4
Misc. Expense	0	0	6	49398	35	0	49398	0	0	0
		% of Total Dollars			% of Total Dollars				% of Total Dollars	
Additional Income	14,054	4	-1	1,616	0	277	-2,542	26,914	49	0.5
Net Profit	11,906	3.2	-1	-14,805	-2.4	15,537	175,935	152,131	275	2.8
Net Profit + Misc Exp	11,906	3.2	-0.2	34,593	5.5	15,537	225,333	152,131	275	2.8

Notes: Top Gun = The top performing dealerships in the PowerHouse training group. PVS = Per Vehicle Sold. We now include YTD comparisons for 2010 and 2011. Shenk began operating Punta Gorda dealership on March 1, 2009. \* Totals equal 100 because of rounding \*\* Name was changed during February 2010 ownership change and corporate reorganization.

down from \$629,168 in December 2011.

It was a slow month all around. Guest

traffic was down from 197 sales contacts to

with a total of 38 new and used units being

144 for the month. Unit sales were down,

generated in 2011 — a drop of \$45,317, or 16.2 percent. Service gross profit for 2012 was about flat, coming in at \$161,484, off slightly from \$162,149 in 2011.

Accessories revenue for the year also

#### "We were able get more inventory in 2012. When we buy more, we sell more."

- Bill Shenk

dropped, year over year, slipping from \$421,586 in 2011 to \$354,761 last year. "You either need parts, or you don't," Shenk said. "You can't affect this too much. Accessories you want, and a good salesperson and a good sales process sells more accessories. We ran for nearly half of the year without strong salespeople in parts, and it shows."

The sales manager was out for the last couple of days in November and first four days of December.

Revenue was off sharply across all departments at the dealership in December. Total revenues for the month were \$374.815.

compared to 55 units in December 2011. Unit sales revenue dropped

sold for the month.

from \$493,321 in December 2011 to only \$275,943 in December 2012.

With the decline in unit sales, F&I revenue also was off, dropping from \$21,248 in December 2011 to \$10,251 in December 2012.

Gross profit for December was \$105,904, compared to \$139,283 in the previous December. December net income also was off sharply, \$11,906 this year, compared to \$34,594 in December 2011.

#### SO WHAT HAPPENED?

Here's what contributed to the December numbers: 1) The dealership was light on

trained unit sales staff; 2) The sales manager was out; 3) The dealership's F&I sales person is struggling and dealing with some serious personal issues; and 4) Florida was off year over year for the brands carried by the dealership.

"Thank goodness we had \$14,000 compared to \$1,600 last year in gross profit on wholesale business (in additions on composite), or we would have lost money in December," Shenk said.

He remains optimistic. "I feel confident moving forward into 2013," he said. "We have solid management in all three departments and each of those managers is making good progress (especially parts and service) in surrounding themselves with great teams."

Bill Shenk is owner and 20 Group moderator of PowerHouse Dealer services, a dealership 20 Group provider and consulting/training company. He has worked full time in the industry since 1976. If you are interested in joining a PHD 20 Group, contact Shenk at 877-PHD-0911 or Bill@ phdservices.com.



Read past reports and post comments at: www.dealerijews.com/dealerlab



## MCGRATH POWERSPORTS — 5-time winner

Owner: Mike McGrath Location: Cedar Rapids, Iowa Store size: 40,000 sq. ft.

Vehicle brands: Honda, Kawasaki, Polaris, Victory, Yamaha

www.mcgrathpowersports.com

**"TO PROVIDE** a fun experience that creates loyal riders." This simple, concise mission statement and McGrath's ability to execute its fundamental tenets propelled the Midwestern dealership to the top spot: Dealer of the Year.

This dealership is an event machine. Owner Mike McGrath and his team spend a great deal of billable hours planning and executing events designed to make customers stop on by — and return, over and over again. Case in point: its "Summer in January" party not only boosted the morale of employees and customers suffering from winter cabin fever, but it also fueled a 200 percent increase in major unit sales, according to the dealership.

McGrath Powersports' two showrooms house more than 200 new and 200 used units — the used sales operation located in a freshly renovated, 6,000 sq. ft. space. McGrath also reportedly boasts the largest selection of helmets in the entire state of lowa — more than 450 on display at any given time.

In the Service department, a dyno window and flat-screen monitor allow inquisitive customers to safely watch the results as they are generated. The service department also features a separate room for quiet consultations. The thoughtfulness continues with a rental service for soon-to-be riders, where those who need to take the state-

required motorcycle test can rent a Honda 250 to use.

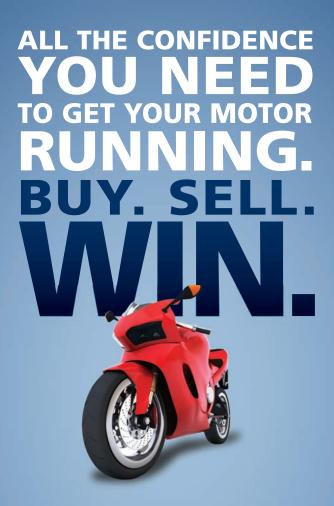
All employees are well-versed in customer service. New associates start with a weeklong orientation to better acclimate them into the McGrath family. Weekly staff meetings address training, news or new business and upcoming events. Employees also are involved in a business and leadership book club. The dealership's





quarterly Idea Day brings staff together to brainstorm how to improve procedures, plan events and more. Outstanding staff members are recognized with a "Show Stopper" trophy.

Along with inexpensive climate-controlled storage for customers needing to shield their vehicles from harsh winters (plus a Spring start-up special if the vehicle is winterized), rider rewards programs, sales kiosks to cut down on wait times, and an active social media presence (a dealer rep is readily available on Facebook's chat feature to answer any customers' rapid-fire questions), it's no wonder McGrath Powersports is "Where the fun begins."





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# FIRST RUNNER-UP CYCLE CENTER OF DENTON

2-time winner

Owners: Randy Martin, Kenny Martin, Carlos Gonzalez

**Location:** Denton, Texas **Store size:** 30,000 sq. ft.

Vehicle brands: Honda, Kawasaki, Polaris, Suzuki,

Victory

www.cyclecenterofdenton.com

Last year's Consumers' Choice winner not only adds a new vehicle brand (Victory Motorcycles) to its roster, but it also gets an official nod from Top 100 judges for its continued pursuit of exceptional customer service, employee appreciation and overall store excellence. The family-focused multiline dealership north of Fort Worth employs effective apparel and accessories merchandising approaches that, among other things, incorporate a fully loaded vehicle in just about every department. Kiosks eliminate the literal line drawn between employee and customer at traditional parts and service counters, while open offices on the showroom floor encourage customer and management interaction.

#### SECOND RUNNER-UP HOT ROD HARLEY-DAVIDSON

4-time winner

Owners: Clyde Whitehouse, Dr. Mark Campbell

Location: Muskegon, Mich. Store size: 40,000 sq. ft. Vehicle brand: Harley-Davidson

www.hotrodhd.com

Rather than build the brick-and-mortar in a heavily populated area, Hot Rod Harley-Davidson decided to break ground in then-struggling downtown Muskegon near a torn-down mall and the remnants of other failed businesses. Fast forward five years, and it's safe to say the store may have singlehandedly revitalized the area, now teeming with restaurants, stores, a culinary school, investment banks and a new fire department built on property that Hot Rod H-D donated back to the

city. Despite the impressiveness of the store, owners and employees strive to preserve a small-town feeling by greeting customers by name, gifting them with freebies after the purchase of a vehicle, and maintaining specialty displays that include a historical Harley-Davidson gas truck and more than a dozen museum-quality vintage bikes. The Motor Co. also recognizes Hot Rod as one of its top 10 percent — the store has a CSI rating of 95.



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# THIRD RUNNER UP (TIE) HARLEY-DAVIDSON OF ERIE

1st time winner

Owners: Kelly Lapping, Susan Lapping

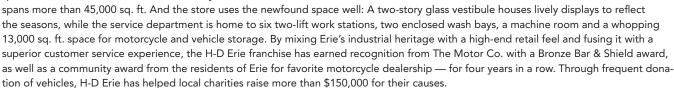
Location: Erie, Pa.

Store size: 45,000 sq. ft.

Vehicle brand: Harley-Davidson

www.hderie.com

Last summer, H-D Erie moved from a 16,000 sq. ft. space into its current, state-of-the-art facility that





# THIRD RUNNER UP (TIE) WORTH HARLEY-DAVIDSON

4-time winner
Owner: Rick Worth
Location: Kansas City, Mo.
Store size: 51,220 sq. ft.
Vehicle brand: Harley-Davidson
www.worthharley-davidson.com

By adhering to a no-excuses policy, Rick Worth and his staff take full responsibility for what happens under the roof of the dealership — for better or worse. Their slogan, "We protect our own economy," implies that the only thing they can control is their own store and its performance, and that the "only thing that could hurt it — is us." It's a smart, responsible attitude that could be adopted by other retailers, Top 100 judges noted. Worth H-D is the No. 1 volume Harley

dealer in the country, on track to surpass the 1,000-unit-sales mark at the time the store submitted its Top 100 application. Upon entering the doors, customers are greeted with more than 500 spotless, gleaming bikes, made sparkling by a full-time employee whose job it is to arrange and then meticulously inspect and clean vehicles, day-in and day-out. It's that type of dedication to perfection that propelled this four-time winner into a Top 100 third-place slot.

# FOURTH RUNNER-UP MAD RIVER HARLEY-DAVIDSON

2-time winner

Owners: Mike and Franscene Davis

Location: Sandusky, Ohio Store size: 43,050 sq. ft. Vehicle brand: Harley-Davidson www.madriverharley.com

Aiming for "Nordstrom with a Harley-Davidson attitude," Mad River Harley caters to its 31-to-60 year-old clientele with a high-end, open showroom floorplan complete with interactive areas, like a heated gear display where customers can try before they buy. The store even allows customers to test-ride a new seat on their own bike



before purchasing. The attention turns to the staff as well: along with Mad Money incentives and weekly spiffs, the store hosts an annual Spirit Week where employees dress in themed costumes, play games to earn tickets and, at the end of the week, can redeem their tickets for prizes. In January's off season, Mike and Franscene Davis close the store (along with their two other stores) for a day for off-site training, which most often includes bringing in motivational speakers like NFL standout Rocky Bleier.



#### Special Merit: COMMUNITY INVOLVEMENT

J&L HARLEY-DAVIDSON

17-time winner

Owners: Jim and Lonnie Entenman

Location: Sioux Falls, S.D. Store size: 38,000 sq. ft. Vehicle brand: Harley-Davidson

www.jl-harley.com

It was J&L's impressive efforts to help the Make-A-Wish foundation that led to its win for best community involvement. Last year, the store presented the South Dakota chapter of the organization with a check for \$164,129.68, raised from its signature dealer event, Hot Harley Nights. The first Hot Harley Nights, 17 years ago, drew 250 people. Last year there was a 1,500-person-strong

casino run, a 6.7-mile parade with more than 4,500 watchers, and a street fair and bike show drawing upward of 40,000 people to Sioux City's Falls Park West. All in all, J&L H-D's Hot Harley Nights has raised more than \$1.7 million for the Make-A-Wish foundation, grant-

ing hundreds of wishes to children with life-threatening illnesses. As if that's not enough, J&L also raises money for breast cancer research, sponsors local youth sports teams and serves on the city's Department of Tourism committee.



#### Special Merit: CUSTOMER SERVICE FREEDOM CYCLES INC.

15-time winner

Owners: Michael and Jenni Stanfield

Location: Grandview, Mo. **Store size:** 75,000 sq. ft.

Vehicle brands: Honda, Kawasaki, KTM, Polaris, Suzuki, Trail Master

www.freedomcyclesinc.com

Freedom Cycles goes above and beyond the call of duty with its one-hour customer educational seminars that range from "Love Your Machine" (a tutorial on basic machine maintenance) to the "Riding Organization Showcase," which allows riding groups to attract new members and inform each other of their charity rides and upcoming events. Freedom Cycles' sales associates follow a tried-and-true sales process to make sure





customers receive adequate attention and care. The dealership's Customer Loyalty program generously gives its customers one point for every dollar spent on parts, accessories and service, allowing customers to cash them in on future purchases, sometimes earning as much as 10 percent back.



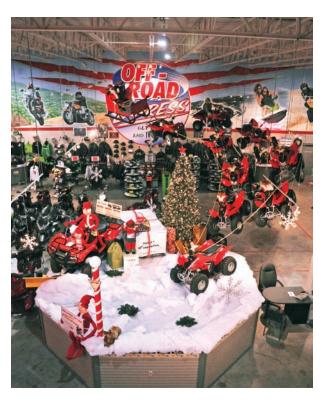
#### Special Merit: BEST DEALER TO WORK FOR CHARLIE'S HARLEY-DAVIDSON

6-time winner

Owner: Charlie Cole Location: Huntington, W.V. **Store size:** 66,000 sq. ft. Vehicle brand: Harley-Davidson

www.charlieshd.com

The promise of unlimited growth and mobility for employees is what convinced Top 100 judges to award Charlie's Harley-Davidson with the Best Dealer to Work For award. Employees are given free reign to indulge their curiosity in all-things dealer-related, with unlimited access to internal training tools, mentoring opportunities, external webinars and cross-training opportunities. The store also promotes from within: Its business manager was recently elevated to general manager, while a parts manager was promoted to the role of fixed operations manager. Multiple departments award staff with monetary incentives for stellar customer service. Finally, Charlie's sales department offers associates a savings program, where certain benefits are divvied up and distributed in associates' paychecks at the end of the year.



# Special Merit: BEST DISPLAY OFF-ROAD EXPRESS WEST

1st time winner

Owners: Ernie Askins, Jim Askins, Joe Askins

**Location:** Waterford, Pa. **Store size:** 17,500 sq. ft.

Vehicle brands: Honda, Kawasaki, Lehman Trike

www.offroaderie.com

A picture is worth a thousand words, and if you ask Off-Road Express West, a good display is worth much, much more. A detail-oriented staff put together an ATV holiday display that garnered The Best ATV Display award from Honda, which led to coverage in national publications and recognition by local news stations. The display "was an engineering feat that we are extremely proud of and are amazed to still be reaping the benefits of increased floor traffic from people who want to see the dealership that won the contest for the best ATV display in the Nation," the dealer stated.





# Special Merit: E-COMMERCE CHAPARRAL MOTORSPORTS

3-time winner

Owner: David Damron

**Location:** San Bernardino, Calif. **Store size:** 186,000 sq. ft.

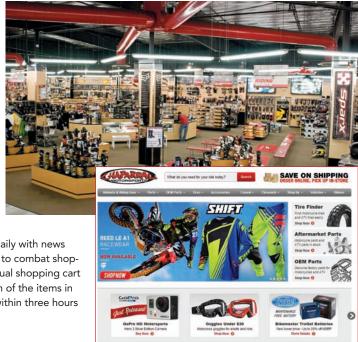
Vehicle brands: BRP/Can-Am, E-Ton, Honda, Kawasaki, KTM,

KYMCO, Polaris, Suzuki, Victory, Yamaha

www.chaparral-racing.com

Chaparral Motorsports added a video section to its website, populating it with more than 100 in-house segments covering parts and accessories. Chaparral also opened up ordering to customers outside the United States by partnering with an international fulfillment company. The store now sells products in more than 220 countries, promising three- to eight-day shipping worldwide. Other

e-commerce efforts include a blog, TwoWheelMania.com, updated daily with news and opinion posts. But perhaps the cleverest addition to its site aims to combat shopping cart abandonment. Now, when a customer places items in a virtual shopping cart and leaves the page, an email is sent to the customer to remind them of the items in their cart that they hadn't yet purchased. These emails are sent out within three hours of the potential customer leaving the website.









#### Special Merit: BEST EVENT RAY PRICE INC.

4-time winner
Owner: Ray Price
Location: Raleigh, N.C.
Store size: 60,000 sq. ft.

Vehicle brands: Harley-Davidson, Triumph

www.rayprice.com

The 2012 Ray Price Capital City Bikefest presented by Nationwide Insurance took the city of Raleigh by storm. Patrons perused a streetside "Vendor City" with booths hawking leather goods, motorcycle accessories, clothing, jewelry and more, amid food vendors and a Tattoo Fest with 10 artists on standby to permanently make their marks. A Patriot Ride featured 150 riders who traveled from the dealership to the National Guard Armory, while the Kick-Start Parade highlighted bands and even a clogging performance. The party continued for the rest of the weekend, with customer prizes, sales, a bike show, entertainment, food galore, a wheelie machine for rally-goers wanting to try out their own stunts, autograph signings with racer Tommy Grimes and more. Bikefest lured a whopping 100,000 people from across the U.S. Southeast and Mid-Atlantic regions.

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# Special Merit: BEST EXTERIOR VANDERVEST HARLEY-DAVIDSON

5-time winner

Owners: Dixie and Eric Kinnard, Erik and Amy Vandervest, Rick and Lynn Vandervest

**Location:** Green Bay, Wis. **Store size:** 45,000 sq. ft. **Vehicle brand:** Harley-Davidson

www.vvhd.com

The new Vandervest Harley-Davidson store in Green Bay is a beauty — a cabin-themed dealership featuring a back deck that overlooks Duck Creek, and a large stone patio for customers to sit back and relax. Owners added two new buildings to the tranquil setting, keeping with the log-and-tin rustic look of its surroundings. When night falls, the facility is even more breathtaking with backlit windows showcasing three Harley-Davidson Anniversary bikes, along with one of Evel Knievel's rides hanging from the dealership's ceiling. The best part: The Vandervest family — and friends — performed most of the interior finish work and outdoor landscaping themselves. It's truly a labor of love.



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#### Special Merit: INTEGRATED MEDIA CAMPAIGN PRINT MEDIA CAMPAIGN

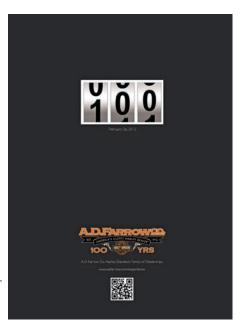
A.D. FARROW CO. HARLEY-DAVIDSON

15-time winner

Owners: Bob and Valerie Althoff Location: Sunbury, Ohio Store size: 115,000 sq. ft. Vehicle brand: Harley-Davidson

www.adfarrow.com

America's oldest Harley-Davidson dealership was turning 100 years old, and it wanted the world to know. It seamlessly executed a months-long strategic marketing campaign that involved Web, social media, radio, news releases, in-store as well as grass-roots promotions and a Save-the-Date party, all leading up to the June anniversary. For two months prior to the event, the store's web page had dedicated space promoting the centennial. Staff passed out 10,000 fliers and stickers at the EasyRiders convention. ADF posted countless Facebook photos and read congratulations from patrons to The Motor Co. itself. "The campaign was more than driving people to the store, it was telling our 100-year-old story and once again serving the motorcycle community," the dealership noted.



The print campaign consisted of a simple, yet stunning advertisement depicting the number "100" as it would look on an odometer. The dealership's logo sits below the graphic, as well as the date of the centennial event. The advertisement's effortless design is intriguing, prompting viewers to want to know more about A.D. Farrow — which is why the dealership placed a QR code in the ad, as well. Those who click on the code are taken to a site where A.D. Farrow's 100-year history is detailed online. This simple ad garnered local and national attention, including the editors at AMA's American Motorcyclist.



## Special Merit: BEST PROMOTION FIRST COAST POWERSPORTS

1st time winner
Owner: Mark Allen

**Location:** St. Augustine, Fla. **Store size:** 40,000 sq. ft.

Vehicle brands: Arctic Cat, BRP/Can-Am, Honda, Kawasaki, Polaris,

Suzuki, Yamaha

www.firstcoastpowersports.com

First Coast Powersports partners with the Jacksonville Jaguars NFL franchise to give away a custom-built, Jaguars-themed motorcycle every year. The bike promotion, with the help of six radio stations, print media outlets and the football team itself, this past year generated more than 25,000 entries from hopefuls hoping to win the custom bike. That's an instant database of prospects, with the names, addresses, phone numbers and e-mail addresses of each entrant. The winner of the bike was randomly drawn, and the bike was presented to the winner during the final Jaguars home game of the season — right there on the football field. This promotion

has been recognized as one of, if not the biggest, promotion in Northeast Florida in the last five years.



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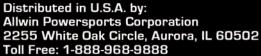














# Special Merit: BEST SERVICE DEPARTMENT BARNEY'S OF BRANDON

2-time winner

Owners: Ray Hempstead, Todd Hempstead,

Beverley Newton, Keith Wood Location: Brandon, Fla. Store size: 25,498 sq. ft.

Vehicle brands: BRP/Can-Am, E-Ton, Kawasaki, Piaggio,

Suzuki, Vespa, Yamaha www.barneysbrandon.com

Service is the bread and butter of any dealership, and perhaps no one knows this more than Barney's of Brandon. Its service team provides a collective 100 years of combined experience. Judges appreciated the utilization of a 4'x 8' printed service menu mounted on a wall, which makes ordering and selling specific services easier for the customer as well as service staff. Displays, posters and vehicles are often switched and rotated to keep things looking fresh.



And here's something useful: A magnetic job status board lets customers know what stage of repair their vehicle is in. Each customer gets a magnet with his or her name, vehicle and estimated labor time printed on it. "At any given time, anyone looking for status on a customer's unit can look at the board and see which step of the repair process the unit is in," the dealer said. "Each magnet travels through several designated categories on the board. The categories include: Waiting On Parts (WOP), Waiting On Tech (WOT), Waiting On Authorization (WOA), and In-Shop Waiting." The board keeps the service department moving smoothly throughout the day.



#### **Special Merit: BEST USE OF SPACE** DUCATI/TRIUMPH NEWPORT BEACH

3-time winner

Owners: Michael and Judy Guerin Location: Costa Mesa, Calif. Store size: 8,400 sq. ft. Vehicle brands: Ducati, Triumph

Vehicle brands: Ducati, Iriumph www.ducatinewportbeach.com, www.triumphnewportbeach.com

Best Use of Space is awarded to the dealership that makes the most of a retail footprint of 10,000 square feet and under. And with just 8,400 sq. ft. of total space in trendy Orange County, Ducati/Triumph of Newport Beach needs to be organized and creative. The showroom evokes images of contemporary art museums meshing with race paddocks, providing a stun-

ning visual in a small space. Both marques have their their own identities on the shared showroom floor. Apparel items are displayed in a high-end, boutique-style layout, with branded displays and graphics peppering the showroom to tie everything together. The dealership's 2,000 sq. ft. service department is considered one of the top service centers in the country and is one of two dealerships in the United States that employs three certified Ducati Master Technicians.



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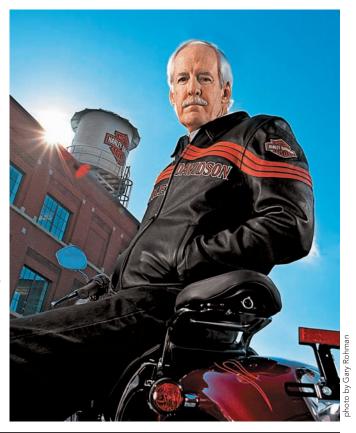
#### Don J. Brown Lifetime Achievement Award

#### ROBERT ALTHOFF A.D. FARROW CO. HARLEY-DAVIDSON

Robert Althoff, dealer principal of A.D. Farrow Co. Harley-Davidson, receives the Don J. Brown Lifetime Achievement Award for 2013. The Don J. Brown Lifetime Award ("The Brown Award") is given to representatives of the powersports retail community who have demonstrated a lifelong dedication to the business, the lifestyle, the community and the sport.

Althoff receives the Brown Award this year in recognition of his unparalleled efforts to promote the business and the rider lifestyle — from creating fundraising programs benefiting charities throughout central Ohio to delivering inspirational lectures to students at Ohio State University. He is also recognized for assuming the lead on dealer-facilitated membership drives for the American Motorcyclist Association. During the last two years, A.D. Farrow has paid for a \$39 one-year AMA membership for each of the nearly 1,400 customers who bought motorcycles and/or completed rider training classes at A.D. Farrow.







Did He **REALLY** Just Mention



A Google User 💢 🥁 Took my Ducati 1098s in for a tire change. The guy who was taking my info was definitely high and kept asking the same question over and over and kept trying to start my bike and kept cranking it and cranking it and asking stupid questions. It really ticked me off. Then I purchased a \$120 battery with a 2 year warranty. Took it back in 2 months later because it was near dead they said it was working like new and wouldn't cover it. Took it to auto-zone they said it was dead and took care of it. EMPLOYEES ARE IDIOTS!

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What our clients are saying: "The whole concept has been really well thought out." - Alamo Cycle Plex

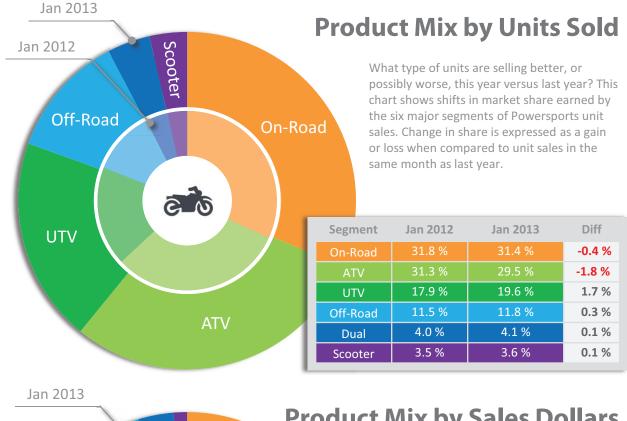


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#### INDUSTRY DATA



#### **Product Mix by Sales Dollars** Jan 2012 What type of units are generating more or less cash than last year? This chart shows shifts in market share earned by the six major segments of Powersports sales measured in dollars. Change in share is expressed as a On-Road percentage gain or loss when compared to dollar sales in the same month as last year. Segment Jan 2012 Jan 2013 19.0 % 20.1 % 24.8 % 22.1 % UTV 6.0 % 6.0 % Off-Road **ATV** 3.6 % 3.4 % Dual

Reports provided by ADP Lightspeed's Data Services team. All reports are a sample of North American dealers using the Lightspeed DMS. For further information please contact Dave Johnson at 800.521.0309. Also visit adplightspeed.com for more reports.



1.3 %

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-1.1 %

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IS RACING A VALID BUSINESS STRATEGY — OR ANOTHER LOSS ON YOUR BALANCE SHEET?

by Bruce Steever

**WIN ON SUNDAY,** sell on Monday. It's the long-held adage of the performance sector.

But in the post-2008 powersports market, OEMs and dealers alike are forced to make critical evaluations on how to spend their constricted budgets. It seems that many business owners in our industry are choosing to sacrifice racing support and involvement. Does this make good business sense, or are these cost-conscious dealers throwing out the baby with the bathwater?

To learn whether racing still makes for a compelling business model, *Dealernews* talked with several dealerships that have created a name for themselves thanks to their involvement in racing at various levels. Each dealership offers a different perspective on how to make the most of resources spent in the sporting side of the industry. These perspectives include everything from hands-off marketing, to various levels of direct support, to dealer principals who themselves still race.

Representing the classic model of how racing can build a business, John Beldock of **Erico Motorsports** in Denver\* is very clear on the risks involved if you expect racing to become a turnkey revenue stream. That being said, he is also quite clear that each business owner needs to carefully consider whether the love of the sport can overcome the potential drain on resources.

"We have been involved in racing over the years at many different levels," Beldock says. "As far as racing as a promotional activity for

dealerships, I have found it to be a revenue drain rather than a stream. There are a few racers that can trade their high visibility and skill for discounted services, but the faster the racer, the faster the drain."

Beldock is the first to claim how his business was built "hustling crashed bikes to racers" to help them create new track-ready race bikes. But he also feels that the racers themselves are part of the problem. He says that "trackside advertising does serve to build the name and brand, but much of the clientele it targets is the racer crowd.

"Many in this group perform their own mechanical work, negating the need for a dealership's service department," he continues. "There are independents that perform work for racers, but they operate at a muted cost level and can offer a more affordable opportunity for those racers. Most race programs are on a pretty tight budget and need to look for heavily discounted services."

But as mentioned, Beldock understands that for many enthusiasts working in the industry, the potential red on the balance sheet is just part of the cost of being involved in the sport. Racing is very rarely a zero-sum game, and if living the dream is the primary concern, then potential losses of supporting a racing effort can be considered sunk costs.

"With all this said, it has absolutely nothing to do with the fact that racing is cool and offers one of the most incredible outlets in our industry," Beldock explains. "Racing is also responsible for much of the

development in the equipment that we all take such great advantage of. If not for racing, our sport would be bland at best. My suggestion is to race your heart out but don't expect it to pay for itself!"

However, we also talked with Michael Stanfield, owner of **Freedom Cycles** (Grandview, Mo.). Freedom Cycles\* not only supports racers, but much of the staff is involved in various forms of two-wheeled competition.

"We are very proud of our staff," Stanfield says. "Not only are we a place that sponsors riders, but we ride ourselves and can share our

porting racers through the traditional channels, you need to change how you approach the sport. You can either maximize your impact to increase the results your racing participation can deliver, or you need to minimize the cost involved while still guaranteeing some level of return.

Two California Ducati dealers managed to show both approaches. And interestingly, thanks in part to Ducati's strong national marketing, both dealers found these results working with the same racing event: the Pike's Peak International Hill Climb.

# "As far as racing as a promotional activity for dealerships, I have found it to be a revenue drain rather than a stream." — John Beldock, Erico Motorsports

product experiences with our customers. In addition, we have recently begun Freedom Rally Racing, which focuses on supporting international and domestic riders at the Dakar Rally."

(ON THE WEB: Check out our Q&A with Stanfield on the new Dakar venture: "Freedom Cycles offers Dakar-pro-level race support to the masses" www. dealernews.com.)

Freedom Cycles uses a variety of techniques to market itself and support the local racing community. These include sponsored track days, demo days (featuring ex-Dakar race bikes, no less) and parts and service discounts. Supported racers are expected to represent the dealership

in local and regional events as well as run Freedom Cycles Racing graphics on their machines.

The challenge in determining a specific return on investment (ROI)

Pike's Peak was certainly an interesting venue for Ducati to step into, and much of the brand's success "on the hill" can be placed on the shoulders of Carlin Dunne, a racer and **Ducati Santa Barbara's** 

general manager. Ducati's Pike's Peak protagonist became part of Ducati Santa Barbara in 2005.

"Back then, it was hard to tell if we

were racing to own the shop or owning a shop to go racing," Dunne says. "We'd been circuit racing, doing AMA, but we really didn't see that much return on our racing efforts. In '07 or '08, when Ducati decided to try the Pike's Peak, Paul Livingstone contacted us. They'd heard about us through the grapevine. Going there as support the first year, I completely fell in love with it."

2012: Dunne's racing experience, combined with a competitive bike, catapulted Ducati Santa Barbara to the national spotlight.

"In 2011, we took our Multistrada base model demo bike. Without



# "Just four of the many riders we support have purchased six new units and spent approximately \$25,000 in parts and accessories in 2012." – Michael Stanfield, Freedom Cycles

dollar amount is always a challenge. According to Stanfield, "we have not tried to determine actual dollar returns. It is very difficult to calculate. Our approach is that either you are in the racing business or you are not. Our feel for return is based on going to the racetrack and seeing how many bikes have our decals on them compared to our competition. If we stand out as having a high percentage of the exposure, we feel like we have been doing some of the right things.

"Our racers are also very loyal to our dealership," Stanfield adds. "Just four of the many riders we support have purchased six new units and spent approximately \$25,000 in parts and accessories in 2012. It goes without saying, not all our riders invest that much in their racing, but we pride ourselves on helping each and every racer we can that is willing to represent Freedom Cycles on the track."

#### MAXIMIZE IMPACT

Clearly, the miles may vary when it comes to more direct involvement with your local racers. If you aren't able to commit resources to sup-

frills, we got it race-prepped and it worked really well during practice. We ended up winning and setting a new course record, beating Ducati's own backed effort," Dunne says. "It was very much a Davidversus-Goliath thing.

"In 2012, Ducati asked me to be part of factory effort. We set the course record again. I was able to bring our input and setup experience on the development side to make sure we had a competitive bike. I think a lot of that came from our little effort in Santa Barbara," Dunne adds.

Ducati Santa Barbara became the home of the record-setting race team, as well as the inspiration for a new OEM trim level of the motorcycle they raced: the Multistrada 1200 S Pike's Peak.

Dunne has no doubts that his efforts racing up a mountain in Colorado has paid dividends to his business in California. "It has given us a return in more ways that we can imagine," he says. "We've had people tell us directly: 'I'm buying this bike from you because of what you've done.' On the whole, it established even more our trust with

# "A lot of it is having the right staff that is knowledgeable about performance and the industry as the whole." — Michael Guerin, Ducati Triumph Newport Beach

our customer base. They know that we go so much further [than just selling bikes and parts]. Our accessory sales have benefitted, as I think people are less likely to price-shop us.

"It was just what we wanted to do. We've struggled, had some bad races and crashes, but we've had some great successes," Dunne continues. "It's made us part of the bigger riding community, one that we've actually helped grow in the area."

Dunne says it is this sense of reaching the performance-oriented

riding community that has been the source of Ducati Santa Barbara's positive ROI. "I know for a fact that we've sold quite a few Pike's Peak MTSs because of our involvement with the race," he says. "Ducati is a lifestyle brand, so if we are the guys out there doing it and getting involved in the lifestyle, it makes you want to buy the bike from us even more. The marketplace is so incredibly competitive, so it is really special to have someone drive an extra couple hundred miles to buy from you, all because they have that extra trust in your shop."

**com**), Guerin believes that racing is something that can serve your dealership as a fantastic sales tool, but it isn't something that will directly keep your lights on.

"You have to remember that racing is a marketing tool — period," Guerin says. "You will not directly generate revenue by racing."

Instead, Guerin believes that motorsport involvement is something that should complement the established branding of your dealership. Instead of getting tied up in the costs and complexities

> of directly supporting a racing effort, Ducati Newport uses local performance and racing events as just one arm of its various marketing and social media efforts.

"Getting involved is easy," Guerin says, "with track days, for example. You can do it without it costing a lot. We are in an industry where you can't throw money and people at things [and expect results]. Other dealers do it, but not many."

For Ducati Newport Beach, racing involvement is a marketing game. Events are carefully selected to complement both

the Ducati brand and the skills of the dealership's staff. Parts, budget and human resources are only used if the event is a good match.

"A lot of it is having the right staff that is knowledgeable about performance and the industry as the whole," Guerin notes. "So we might donate tech time and travel costs, but you always have got to

Dunne has also seen a very real improvement in morale, as both the relationships between his staff and with Ducati North America have been strengthened. Racing is never just about the bottom line. "[Pike's Peak] is a bucket-list race, and it's built a lot of camarade-

"Our accessory sales have benefitted, as I think people are less likely to price-shop us."

— Carlin Dunne, Ducati Santa Barbara

rie in our shop," Dunne says. "It's created a better bond with a common goal, and it's the same with our OEM. These are the same guys we were getting greasy with, ultimately being victorious together. Now, when I talk to Ducati corporate, I'm not just dealing with a guy in a suit; I'm dealing with my friends."

#### **MINIMIZE COST**

What if you have identified a great racing event but don't want to spend the tens of thousands of dollars it requires to compete? The better approach becomes one of making the most of the tools you have available to maximize your marketing impact.

Michael Guerin, president of **Ducati Triumph Newport Beach**, does exactly that (see photo above). Having already proven that good planning can create immediate success (ON THE WEB: "Ducati Triumph Newport Beach: It's all about location" **www.dealernews.** 

have a plan. We got involved with Pike's Peak to generate awareness for the dealership and the brand. Did we sell more Multistradas because of it? Probably, but I never tracked it. At the end of the day, our racing involvement is just part of the overall marketing budget, and we don't spend much, maybe \$1,000 a month."

#### **FOUR TIPS**

When it comes to racing support, your return on investment depends on how you approach your involvement. No company may understand this better than Yoshimura Research and Development. You see, Yoshimura wants to get every dealer involved in the sport.

We talked with Yoshimura's vice president, Don Sakakura, sales manager John Haskell and Systematyx's Dave Waugh (producer of Yoshimura's E-Training platform) on the potential ROI that concludes the argument for race involvement perfectly.



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#### Racing, continued

If you are able to tap into the racing world, even tangentially, you open up your dealership to that community — just like Ducati Santa Barbara and Ducati Triumph Newport Beach. If you can ensure your staff is properly educated on performance products, you can make the most of your staff's riding involvement — just like Freedom Cycles. And never forget that racing is what has helped build our industry — just like Erico Motorsports used it to build their business.

According to Yoshimura, dealership involvement is more about reaching and connecting with the audience than making sure your stickers are on the fastest bikes. Here's what the trio told us:

- TIP No. 1: "You shouldn't plan on starting too big, with a huge new Toy Hauler and a crew at your local racetrack. Follow the racers. If racing is getting too expensive in this economy, the number of full-time racers will decrease. But you know where they go? To your local trackdays."
- TIP No. 2: "Racing is more than just sponsored riders. To dealers, racing should mean supporting all sorts of performance-minded riders. Find out what racing means in your community. Racing should support a niche, scratch an itch. Riders want to be sold something. And remember that while a dealership will never lose a customer due to racing involvement, you might lose them for a lack of involvement."
- TIP No. 3: "You need to know your PG&A investment is safe, that you are going to turn it quickly and see a return.

- Making a performance display on the sale floor, like putting a system on a new bike, is going to help sell the bike — which, of course, is going to sell the exhaust system. If you widen your view, you can see that looking at racing through a straw is doomed to failure because racing is more than teams and riders, its communities and demographics."
- TIP No. 4: "And finally, don't be afraid to get involved. You don't need to go straight to the winner of the race to pitch your sponsorship. The hard-charger of the field that struggles to make the podium is potentially the best ambassador you could sponsor, as his enthusiasm for racing can be tapped to represent your business as well. If you sponsor a racer, they should represent your dealership well. Your investment in that racer should be seeing a return even if the racebike never turns a wheel."

Racing is in many ways the lifeblood of the industry. Without folks willing to push the machine just a little bit faster, there would be little development of motorcycle technology and zero reason to see who was fastest off the line. Make no mistake that racing involvement can be an expensive proposition, but depending on how you approach the sport, it can also be the tool your dealership needs to wins the sales race.

\*Erico Motorsports is a Top 100 Hall of Fame dealership. Freedom Cycles and Ducati Triumph Newport Beach are 2013 Top 100 Dealers. Images courtesy these dealers; image on page 32 courtesy Filer's Powersports, another 2013 Top 100 Dealer.



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NEW EXHAUSTS FOR EVERY VEHICLE SEGMENT ARE HITTING THE MARKET

by Dennis Johnson

**ON THE LIST OF CHANGES** an enthusiast plans for a new ride, swapping out the exhaust is near the top.

From slip-on mufflers to whole exhaust systems to specialized head pipes, the aftermarket is chock full of companies building products that help riders improve performance, tweak aesthetics or — this might not be a good thing — enhance the sound of their machine.

Now seems to be a big time for exhaust manufacturers as new products for vehicles in every segment — from scooters to baggers to side-by-sides — are hitting the market and headed to your showroom or favorite distributor.

Of course, it's not possible to talk exhaust without mentioning some of the legislation enacted to try and curb emissions and noise problems, especially a new law in California. SB435 is the Golden State's motorcycle anti-tampering act that gives police the authority to ticket motorcyclists with noncompliant systems. The law applies only to bikes and exhausts model year 2013 and newer.

Some in the aftermarket expect the law to put a huge dent in California's exhaust sales, which have already suffered because of other regulations. Conventional wisdom holds that as California goes, so goes the rest of the country, but it remains to be seen if other states will copy the law, or borrow from it for their own legislation. In the meantime, it's best to be fully aware of any state or local legislation that might affect your aftermarket exhaust sales.

Here is a sample of the systems introduced in the last few weeks.

# PRO CIRCUIT ALL-IN-1 T5 SINGLE EXHAUST SYSTEM

The All-in-1 T5 single exhaust from Pro Circuit is designed for durability, and built from stainless-steel and aluminum. The system allows riders and racers from multiple riding disciplines, racing classes and countries to access a cost-effective alternative to a dual-exhaust system, the company says. It's reportedly built to meet racing sound regulations for AMA professional racing, AMA amateur racing and FIM professional racing. The system comes with a removable USFS-approved spark arrestor, a race tip for closed-course racing and an additional silencer packing kit.

#### ARROW OFF-ROAD V2

Arrow's new range of exhausts, the Off-Road V2 line, is dedicated to dirtbikes. The systems are based on the off-road thunder system, and are available in aluminum only and as slip-ons. The range is reportedly easier to maintain due to the stainless-steel torx screws that hold the silence body and cap together. The system is said to meet international noise regulations, and features a carbon fiber endcap and a new Arrow logo.

#### **JARDINE GP-1 FOR SPORTBIKES**

New from Jardine is the GP-1 for sportbike models. Available in slip-ons and full systems, the GP-1 range is said to be easy to install and gives streetbikes a boost in styles and sound. The company says that the exhaust also helps improve a motorcycle's styling by replacing the bulky stock exhaust and shaving off some weight. The GP-1 fits sportbikes from Buell, Kawasaki, Suzuki and Yamaha.

#### SUPERTRAPP IDS2 FOR SPORT QUADS

SuperTrapp's IDS2 is the company's lightweight, tunable, disc-based aluminum exhaust for sport ATVs. According to the company, the exhaust is lighter than the stock system and the turndown outlet helps protect quads from heat and debris. The IDS2 features the company's 3-in. tunable discs, which also serve as an integrated USFS-approved spark arrestor. Interchangeable quiet and race core versions are available for track or trail. The quiet series comes with twelve 3-in. discs, while the racing version comes with 18 discs. The company's Universal IDS2 Series is available for unique applications. The IDS2 is designed to fit quads from Arctic Cat, Honda, Kawasaki, Polaris, Suzuki and Yamaha.

# GIANNELLI EXHAUST FOR BMW C600 SPORT

BMW's ultra urban scooter, the C600 Sport, gets a boost from Giannelli's new Ipersports exhaust. Available in titanium or aluminum, the slip-on silencers are reportedly streetlegal. The exhaust is available in three different models, a titanium version with a carbon endcap, a plain aluminum model, and a black, anodized aluminum slip-on version. There is also collector kit that replaces the OE catalytic converter.

## TWO BROTHERS RACING M-2 EXHAUST FOR NINJA 300

Two Brothers Racing's new M-2 exhaust system for the 2013 Kawasaki Ninja 300 is available as a slip-on option or a full system. According to the company, the TBR M-2 exhaust "delivers immediate performance gains that can be felt throughout the power band," improvements said to provide a crisper throttle response. Both setups are available with an aluminum, titanium or high-temperature carbon fiber canister, and are ready for installation with the company's V.A.L.E connection system and X-Lite retaining ring.

# SUPERTRAPP ROAD LEGENDS PHANTOM PIPE II (PIC)

The Road Legends Phantom Pipe II from



SuperTrapp is a curvy 2:1 that's an updated version of the company's original Phantom Pipe for Softails and the baffled FLH Phantom Pipe. Designed by bike builder Paul Yaffe, the Phantom II is a baffled, black ceramic with a 2 in. removable and rebuildable core. The four-piece stylized chrome-plated heat shields come pre-installed. A turned-up claw end tip features a domino dot-engraved decorative billet end cap. The exhaust features a 2 in. primary pipe and a 3.5 in. diameter collector. It fits 2007-2013 Softails and 2006-2013 Dynas.

# COBRA CENTER-PRO FOR HARLEY-DAVIDSON BAGGERS

Cobra Engineering's Center-Pro is a unique 2:1 slip-on muffler system for Harley-Davidson baggers. The system's right and the left muffler bodies feed into a center port that

rides beneath the rear fender. The oval tip, formed from heavy-gauge steel, features a smooth, rolled edge finish. The U-shaped, one piece, slip-on clamps to the stock head pipes as well as to Cobra's Powr-Port dual headpipes (and most other aftermarket headpipes), the company says. The muffler brackets bolt to the stock exhaust mounts beneath the bags just like any other slip-on system. Note: Due to the shape and mounting system, the dual louvered silencing cores cannot be removed — they are welded in place. Left and right heat shields provide a seamless finish.

## MGS CUSTOM BIKES TRUE DUAL EXHAUSTS

According to MGS Custom Bikes, its new high-performance line of true dual exhausts produces noticeable increases in both horsepower and torque for 1995 to present V-twin baggers and dressers. The system has produced an average of 12-plus lb. ft. of torque on a stock FL model Harley-Davidson, the company reports. The new system is available in black ceramic or chrome with a choice of three different style exhaust tips.

The system has reportedly been designed so that one part number will fit all the models in question, meaning that dealers should have to stock one set of pipes to fit Harley-Davidson's complete FL touring model lineup.



# TWO BROTHERS CAN-AM MAVERICK UTV EXHAUST

Two Brothers Racing says that its new stainless-steel exhaust system for the 2013 Can-Am Maverick UTV will help drop weight and improve power. The TBR slipon system reportedly also helps increase throttle response and power throughout the powerband. Each exhaust comes with a U.S. Forestry Service-approved removable screen-type spark arrestor.



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



Read all of Torv Hornsby's columns on www.dealernews.com

# Take action — before it's too late

THE ONLY DIFFERENCE BETWEEN A RUT AND A GRAVE IS THE DEPTH OF THE HOLE AND HOW LONG YOU PLAN TO STAY IN IT

IT'S MARCH ... can you believe it? They say time flies when you're having fun. If that's true, then I must be having a blast! I believe this will be a great year of growth for the industry. Are you ready? Have you put yourself in the position to get your portion of that growth?

In order to maximize every opportunity that comes through the door, you have to be ready. Do you have a sales plan, a training plan, a marketing

By now you should have specific goals that are committed to in writing — for yourself and for your dealership. If you don't, it's not too late. As the old saying goes: The best time to plant a tree was 20 years ago; the second best time is right now. Visualize what being successful in 2013 means for you. Write out your goals, understand what it will take to hit your goals, and then start running in that direction. Avoid the ruts and keep on pressing.

But some ruts are so powerful that you don't even realize you're in them. Ed Lemco called this "getting caught in the swirl." Ever felt like you should have worn suspenders and a bright red hardhat to work because all you did all day, all week or even all month was put out fires?

The late John Wyckoff wrote a book for the industry called Mind Your Business. You must mind, or pay attention to, all of the details of your business. If you're not paying attention to your business, it's like a ship at sea without a captain — everyone's just floating along, waiting to see what happens. Lots of dealerships are on this course right now. So if you find yourself showing up to work and reacting to your day, you are stuck in a rut that is difficult to get

out of. But you can and need to get out of it.

#### **MISTAKES ARE HEALTHY**

The key to getting out of a rut is taking action. Do something. Even if you make a mistake. In fact, if you haven't made a big mistake in a while, it's a sign that you're already in or headed toward a nasty rut. Without action there is no change, and without change you cannot improve in business or in life. In taking action you always run the risk of making mistakes, but there is nothing wrong with making a mistake — as long as you learn from it.

I'm reminded of a quote by Colin Powell, and whether you agree with his politics or not, pay attention to

what he says here: "There are no secrets to success. It is the result of preparation, hard work and learning from failure."

You can get so caught up in a rut that every day becomes merely business as usual. Before you know it, you've come to a point where you don't care to be prepared, you don't want to put in the hard work, and you won't try anything for fear of failure.

No one is exempt from having to pay the piper if they wanna dance. What do you want to accomplish this year? What actions and changes will it take to get there? Start doing those things right now; It's time to pay the piper.

March 20 marks the first day of spring. What you do right now will multiply the results you have during this selling season and even into future years. If your plan is to just show up to the dealership and wait and see what happens each day, you will end up failing.

It takes enthusiasm for improvement and passion for your customers to grow a great dealership. How are you doing in those two areas?

It's time to Mind Your Business. Don't be nonchalant about your ruts, because those little suckers can turn into six-foot graves if you keep digging. Think about it: The only difference between a rut and a grave is the depth of the hole and how long you plan to stay in it. If you're in a rut right now, the answer to getting out is taking action. Set new goals, write them down, and take action. Work and live with a sense of urgency and importance, and put yourself in the position to capture your portion of growth this month, this riding season and this year.



Top 100 Best Integrated and Print Media Campaign winner A.D. Farrow Harley-Davidson started planning its marketing strategy for its 100th birthday many months in advance. Do you have a marketing plan?







## **FUEL FOR THOUGHT**

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



Read all of Dave Koshollek's columns for parts and service managers on www. dealernews.com

# Quick and easy follow-ups

CUSTOMER SATISFACTION SURGES WHEN YOU SHOW YOU CARE

J.D. POWER AND ASSOCIATES surveys new motorcycle buyers to collect data that measures owner satisfaction with the buying experience. One thing I've noticed in recent years is that dealerships which performed customer follow-ups after the sale or service scored significantly higher in customer satisfaction than those who didn't. Higher scores equate to more repeat business and greater referrals.

If performing a follow-up is so beneficial, why aren't more dealerships doing it? The answer probably falls into the combination of *no time* and being short-staffed. But I think a lot of parts and service managers tend to make the follow-up calls too complex. Customers only need to feel appreciated, heard and remedied (if there is a problem), and the dealership only needs to know what it does that's appreciated and where it falls short.

#### HERE'S THE PROCESS

With that in mind, consider the following to measure the customer experience during significant parts and service purchases.

What's significant? How about any customer purchase over \$250? That will weed out calls for minor purchases or services, which should be fine unless you're trying to improve a tarnished reputation. In that case you'll want to set the dollar threshold lower.

Before contacting the customer it's a good idea to ask for his or her approval. Before they leave the store, ask, "Do you mind if we contact you to make sure you're 100 percent satisfied with the products and service? What's your preferred means of communication; phone, text or email?" Capture that information and enter the customer into the queue for the follow-up. (Check your DMS for a function to manage this, or see whether the sales department's CRM system could be used. Or create a spreadsheet or use a spiral binder. It doesn't have to be fancy, just consistent.)

It's usually best to **contact the customer between 48 to 72 hours** after the purchase or vehicle delivery. This ensures the data collected is timely and accurate, and if there's a problem it allows you to respond before the issue festers and becomes a viral mess that no solution will repair. Perform follow-up calls at the end of the day so you get better call completions. You want to at least leave your contact information so that customers who really care can reach you to communicate what's on their mind. Make two contact attempts and then stop.

For best results, offer the customer something of value. Example: "Hi, this is Dave. I wanted to thank you for doing business with us on March

22nd and I wanted to personally invite you to our bikini bike wash this Saturday that benefits the homeless dog shelter. We'll provide free beverages, food and a cool T-shirt for the first 100 attendees. While I have your attention, I just need three minutes of your time to gather feedback on your service/parts transaction so we continue to improve your experience."

At that point you roll right into the questions:

- What did you like about the way the transaction was conducted? Any ideas on how we could make it better?
- What do you like most about the product or service purchased/performed? Any questions, comments or concerns?
- On a scale of 1 to 10, how would you rate our customer service?
- On a scale or 1 to 10, how would you rate the product purchased or service performed?
- Any other thoughts you'd like to relay?

The data you collect will tell you what's most important to customers so you continue to meet and exceed their expectations. If you receive a complimentary remark, ask the customer for permission to share it with others verbally and in print. Positive customer testimonials are powerful stimulus for others to do business with you

If you uncover an issue or receive a complaint, respond with empathy. Say, "I am sorry this happened. It is our goal to enhance your experience, not upset you. If you don't mind, I'd like to get a little more information."

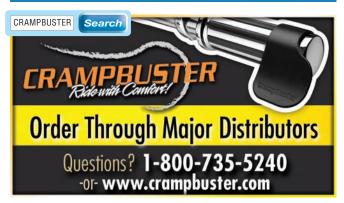
Ask for a detailed description of what went wrong. How does it look, sound or feel? Where is the issue located and what makes it most noticeable? Ask when the customer became aware of the issue. Be prepared to respond with a solution that could include picking up the vehicle to address the fix, providing a refund or exchange for the item purchased, or providing education on proper use or maintenance. Ask if the remedy you offered seems fair to the customer. If it doesn't, ask the customer for their suggestions. If needed, negotiate a solution that works for both parties.

Correcting an issue may not result in an ecstatic response from the customer, and that's OK. Our end game is that the customer feels that you did what was fair, that you heard his or her complaint and that you made a good attempt to make it right and ensure it doesn't happen again.

The good news in all this is that statistically, most businesses are batting .900, meaning their follow-up calls get a positive response 90 percent of the time. And the 10 percent with an issue are often minor and easily corrected.

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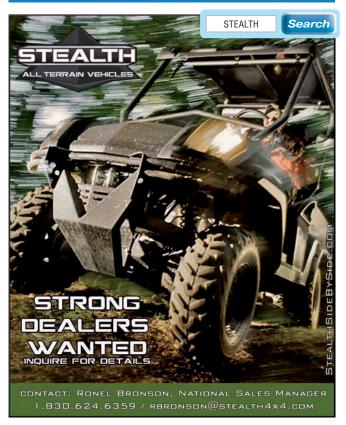
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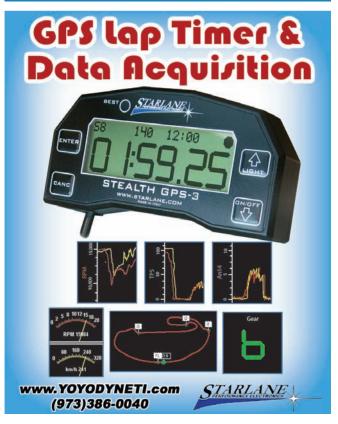


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# Jesus, Charles Manson and mean women

I DON'T THINK MA MEANT IT WHEN SHE SAID IT



#### **TIE-DYED TALES**

Rick Fairless is the owner of Strokers Dallas, Strokers Icehouse and Strokers Ink.

#### On the Web:

Visit www. dealernews.com to read more Tie-Dyed Tales from Rick Fairless.

#### DEAR GRANDMA & GRANDPA,

I hope y'all are fine up there in Heaven. We are surviving OK down here in Dallas. I know it must be wonderful up there in Heaven, and I hope to be reunited with y'all someday... in the distant future. But sometimes I think that I may be up for Judgment Day sooner rather than later, because I am losing my mind down here.

Owning your own business is the most blissful thing in the world, but at the same time it's also the most infuriating. I love it when I can concentrate on building and customizing motorcycles. I love it when I am creating cool new parts. I love it when the sun is shining, and my store and bar are full of customers spending money.

I love it when my bike salespeople are going nuts selling motorcycles. I love it when things are running smoothly and all my employees are doing what I pay them to do.

Unfortunately, because of this sh\*t economy, it seems like those days are getting fewer and fewer.

Most of the time my employees are a huge help to me, but then sometimes they ain't worth killing. As y'all know, I am a pretty simpleminded boy and I have a simple way of approaching employees. If I ask them to do something a certain way or I ask them get something done, then I should be able to forget about it and consider it done, am I right?

I mean, if they think they have a better way of doing something, then I want to hear it. But if I disagree, then do it my way and shut the... well, they just need to shut up and get back to work. I don't want to have to explain my reasoning to all the employees.

Lately I have had some employee theft and I am trying to figure out who it is that's stealing from me. When I do, I'll hang 'em from a tree on my property for everybody to see. This is Texas, by God, and it's legal to hang thieves here (well, at least it ought to

Employees don't tell themselves they're stealing; they justify it their stupid brains. They think like this: I'm not stealing this wheel. Rick owes me this and more. I'm underpaid and overworked, so if I take something, then I'm not stealing — I'm taking what is owed me! Yeah, well, that's bullsh\*it thinking right there. I'm on the hunt.

#### WHAT'S 'IN' FOR BAGGERS

We are keeping really busy down here customizing lots of Harleys and Victorys. When a cat buys a bike, then his or her next step is to personalize their new bike by customizing it.

Everybody wants their bike to be different from

their buddy's bike. The bagger craze is big right now, and we are in it with both feet. The tall front wheel is the "in" thing to do on a bagger. To do that sometimes requires some frame modifications. We built a frame table to make sure all of our work is absolutely perfect.

Trouble is, some shops are cutting up frames in garages without the proper equipment, and this can cause a dangerous situation for the rider, like a high-speed wobble. Sure, the customer will save a couple of bucks by getting their work done from a "shadetree fabricator," but if it's not done correctly, then they are risking their lives. It's kinda scary, but we see it every day.

#### WHY SWAP MEETS AT YOUR STORE CAN BE A GOOD THING

Do y'all have a change of seasons up there in Heaven? Or is every day sunny and 80 degrees? Does Jesus still have long hair and a beard? A few years ago I was told that I looked like a cross between Jesus and Charles Manson, but Ma was drunk when she said it so I don't really think she meant it.

Spring has already arrived here in Dallas and I am happy for it. My Strokers Empire is something to behold on a pretty weekend. On any given Saturday or Sunday afternoon we will have 500 to 1,000 bikes visit us. It's really cool: The band is playing, the bikes are roaring in and out, and everybody is hanging out. I gotta tell y'all, it's what I live for.

The first Saturday of every month we now have an open swap meet. It's really cool because I have the only outdoor swap meet in this area. It's good for my business because it brings people from all around the south to buy, sell and trade their motorcycle parts and while they are here they are spending money at my motorcycle shop and eating my hamburgers and drinking my beer.

The added bonus is that we set up our own display of swap meet parts, consisting mostly of "pull-off" parts along with slow moving and closeout parts, and basically anything that's been in my inventory too

People can really get some good deals and locate some hard to find parts at the same time. I think other dealers should also incorporate this swap meet idea into their own weekend plans.

Anyway, I'd better go for now, I have to write my next column for Dealernews, and Mary gets mean when I'm late — but hey, it's not her fault, women are just naturally a mean bunch (sorry, Grandma).

Love y'all,

Rick





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