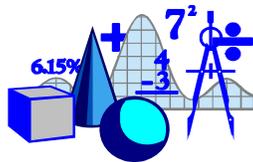


The Compact Tractor Market

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THE COMPACT TRACTOR MARKET

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THE COMPACT TRACTOR MARKET

Introduction

More than half of the tractors sold in the USA are under 50 HP. This compact tractor market has been a growing sector for the last several years. This has been due mainly to the growth of a group of people called “*Weekend Farmers*”, “*Hobby Farmers*”, or “*Lifestyle Farmers*”. These are people who own a small piece of land that they visit on weekends. The farming they do on this land is not designed to bring them substantial income. They typically already have another source of income, usually a job in the city. Different manufacturers and dealers describe this group using all the above terms as well as some they create as they go along. The one term everyone in the industry understands is “*Weekend Farmer*” so this is the term used in this paper to describe them.

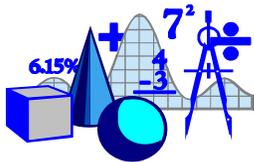
There continues to be debate in the industry as to how to define a weekend farmer. Some point to the farmer who attempts to make a living on a large income-producing farm while he and his wife work in town and their town income supports the family because the farm income is either not sufficient or too sporadic to be depended on. These dealers would, therefore, classify him as a weekend farmer. There are other definitions including defining the size of the land.

Rather than enter into a semantic debate, this paper adopts the following definition:

“The weekend farmer is an individual or a couple who have jobs in town, own a small piece of land (relative to the size owned by a full-time farmer) that they visit on weekends to engage in some farming activity designed to provide some income that is neither important nor necessary.”

There are two types of weekend farmer – one pays cash for almost everything and one owes as much as he or she can.

Another reason for the growth of the compact tractor market has been the increasing use of agricultural equipment for non-agricultural uses. Landscapers, golf courses, government facilities such as prisons and airports, and even building and construction contractors have emerged as potential customers for the compact tractor. Many are growing markets with enormous potential.



Overview

In 1999 and 2000 and again in 2002, Sales Academy conducted a study of the weekend farmer market. Several dealers active in this market were contacted in person or over the phone. They were asked a series of questions about how they did business in this market. The author was interested in their perceptions of the people in the market and what they expected from the dealership. Some manufacturer personnel were also interviewed.

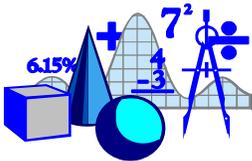
While the dealers provided valuable insights into this market, there seemed to be some conflicting viewpoints on some aspects of the buying patterns and expectations of the weekend farmer. Several weekend farmers were interviewed to clear up some of the confusion. They provided a few different perceptions about what they wanted and what they expected. In some cases, their perceptions differed sharply from those of the dealers.

This paper utilizes these studies to offer an approach to this growing market while pointing out the availability of some other market segments.

This paper assumes the following:

1. The dealer already has a big farmer market and is looking to expand into the compact tractor market or wants to set up a separate location to handle this market.
2. The dealer already has a major supplier in this market.

This is not a comprehensive paper on every aspect of the compact tractor market. This paper will not deal with the operational issues of a dealership except where these affect the sales and marketing efforts. Neither will it go into great detail on the many business to business opportunities in this market. These business to business opportunities are numerous and each requires a different approach. The main concentration is the weekend farmer. It will be looking predominantly at the many aspects of the weekend farmer market and what it will take to become a major player in this market. In this case, a major player would be the local dealership dominating a local market. It will totally ignore the big farmer market of the dealership except when making occasional comparisons and observations where appropriate.



Focus and Difference

The strength of a dealership does not depend on diversity of products but on the focus the dealership has on its market and its customers.

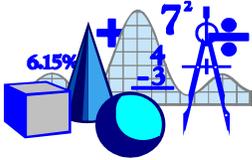
When dealing in the compact tractor market, this becomes more difficult since there are two viable though different markets to focus on. The first is the weekend farmer and the second is the commercial applications of the compact tractor line. They must be approached differently.

The weekend farmer is a consumer and must be treated as such. The commercial markets are business to business opportunities and cannot be treated as consumers. A different marketing and selling approach is needed. Therefore, even though the parts and service centers could cater to both markets, the sales people may have to specialize in one or the other market unless they have been properly trained to be able to sell in both markets. Both of these should be separate from the big farmer market.

Even so, the dealership would do well to concentrate focus on the people and their wants in these two markets and to avoid the clutter of those who try to become everything to everybody. Anything that deviates from this focus would have to have very good reasons to even be considered.

This focus must carry down to every employee in the dealership, particularly the sales people. Not only do they need to be focused but a system that ensures this should be

developed. Each person in the dealership must be accountable to this focus. The whole organization must be constructed around this focus.



What the Weekend Farmer Expects

In the studies conducted by Sales Academy, it turned out that some dealers did not know what the weekend farmer expected of the dealership. In some cases, their view points were radically different.

The number one thing weekend farmers want is to be sold the right equipment the first time. This includes all the accessories. They hate to have to come back for something that the sales person should have known they would use. Those weekend farmers who pay cash for everything will not balk at an additional few hundred dollars for attachments that they will need. For the weekend farmer who buys as much on credit as he can, the extra few dollars each month will not break the sale. He would rather do it at the time of the major purchase to prevent having to do paperwork again later.

In the study, many dealers claimed that the weekend farmer was very knowledgeable about the equipment because he had thoroughly researched everything on the internet. They felt that he knew more than they did about the equipment, that he had already researched all his options and that all he was looking for was a price. The weekend farmers, on the other hand, readily admitted that they did not know enough to make a purchase decision the first time they went into a store. They had done a great deal of research on the internet and had gathered many brochures but they were usually more confused by the sheer volume of information available to them. They still expected the sales person to take the time to properly analyze their needs and then to advise them on the best machine to purchase and which attachments to purchase with it. They often act as

if they are more knowledgeable than they really are. This is a front to scare off the pushy sales person because they have not yet learned to trust the sales people. Some regard them as car sales people and the sales people in dealerships do not often do enough to dispel this image. Some even encourage it which is a big mistake.

Not many weekend farmers are fully acquainted with the tax benefits of purchasing equipment and expect the sales person to help them claim as much as they are allowed. They expect the sales person to be a whiz at financing so as to advise them on the best financing packages available. Not many know that they can get good financial packages from the dealership. This is why so many come in already pre-qualified with loans from their banks or other financial institutions. Some are surprised that they can get a better deal from the dealership. Sales people should never assume the customer will finance through his own company even when he comes with his own financing arrangement. Sometimes this is because the customer was not aware of the advantages of the dealer financing plans and may prefer to use these rather than to use up financing resources that may be useful for something else.

They expect to be treated professionally. This extends to their spouses and children as well. Most wives are involved in the buying decision and many will even drive the tractors. The sales person should include the wives in all conversations and demos and offer to let them test-drive the equipment. They should also be asked what they would like to have in the tractor.

They expect the store to be clean, safe and welcoming and they expect all employees to be friendly and helpful. They do not compare one dealership to another. They compare dealerships to other high-end stores that they are accustomed to frequenting and they expect the same high level of service from the dealership that they get elsewhere.

They do not mind being called at work. Some even welcome these calls. Dealers often feel they are intruding on their time when they have to contact them for any reason, including prospecting, during working hours. The weekend farmers say they do not mind. After all, this is something they are interested enough in to have invested a great deal of money and time into.

While price is always an issue, the more important factor is utility. Weekend farmers claim that they would rather pay more and get exactly what they need the first time. They feel betrayed when the sales person sells only on price. While they may negotiate price, and they often do, this may reflect the poor service they perceive they are receiving. Many times the price negotiation is started by the sales person! One way to avoid the price issue is to use a price book. Every piece of equipment and every attachment should be listed in the price book. It should show the cash price and the monthly payments of each item. Every sales person should have the same price book. This ensures that the customer does not play one sales person against another. It also helps when several items are compared and the sales person forgets how much he had quoted the customer on the various pieces they had looked at. It adds legitimacy to the price.

They expect the dealership to be open for longer hours and to be there when they come to shop. Dealers should seriously consider opening later on weekends. This can be done by running two shifts and by letting some employees take time off mid-week. Some dealerships run two shifts but the second, later shift is manned only by parts people. This is a mistake. Sales people should be there to make the sales that can be generated after normal hours. At the very minimum, the dealership should provide after hours numbers of people that can be called in emergencies.

Most dealers feel that the only time they will see weekend farmers is when they come in to make that initial purchase. Some feel they will not see them again for five years because they do not utilize the machines enough to wear them out. They feel that their equipment will last at least that long. As a result, they make no attempt to contact them after the sale. When they do, it is usually a token contact. Sales people should call weekend farmers six months after the initial purchase to find out if they want to trade up. Why? These are grown ups with toys. Six months can be a long time to play with the same toy. They may already have discussed equipment with their friends and discovered their friends have better equipment than they do and the call could trigger a positive response. This is a market driven by want rather than need. One dealer commented, *“They buy the tractor instead of another boat.”* Since selling the used equipment is hardly ever a problem for a dealership, they should at least make an effort to get them to trade up. They could approach them on the basis of having someone waiting to buy their tractors if they wanted to move up in class.

Weekend farmers expect the sales people to be knowledgeable. They expect that they will be experts on their own equipment as well as that of the competition. They expect them to understand the local farming conditions and to help and advise them on what to grow and to point them to resources for this. They expect that the sales people know a great deal about financing and the many financial implications of purchasing equipment, especially on terms. In short, they expect the dealership to be a valuable resource for them. If the dealership does not live up to these expectations, the weekend farmers will seek out other resources and the dealership could lose valuable later sales.

The weekend farmer expects prompt and fast service. Since he does not have a great deal of time, he expects efficiency in all aspects of the dealership. He would like the dealership to take over some of the issues he may have to face, such as equipment breakdowns or simply service. He usually does not have the time or the desire to service equipment himself. Dealers should have a mobile service unit that can be taken to the farm to perform maintenance or repairs since it becomes time-consuming to bring small tractors in to the dealership. The good part is that these service calls can be made during the week even when the weekend farmer is not on the farm.

Finally, the weekend farmer wants to trust the dealership to give him the best service, price and advice and to trust them enough to hand them the keys to his farm so they can go there when he is away to service his equipment.

Differentiate Yourself

Every dealer sells iron and every dealer talks a good game about customer service. The dealer who wants to stand out from the pack will have to provide all the things that every other dealer provides and then go a few extra steps. Things like good service, quality products, trained employees, good location and fair prices are all basic things the customer expects. They would not even walk through the doors if they thought they would not get these. They are not differentiating factors.

There are three things that differentiate dealerships in the weekend farmer market.

- The first is bulk – having a lot full of equipment.
- The second is having sales people who are knowledgeable enough to act as consultants to the weekend farmer.
- The third is being a one-stop store that is a total resource center for the weekend farmer.

The first means getting the best terms possible from the manufacturer that allow for having a number of units on the lot. Strategic placement of units also helps. Used equipment in this market can often be cleaned up to look like new. Strategic placement of these can add to the bulk.

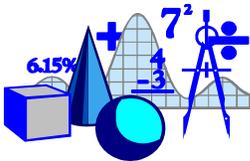
In order for a sales person to become a consultant to the weekend farmer, he must possess the following knowledge:

1. In-depth knowledge of own equipment

2. Thorough knowledge of the competition and their equipment
3. Knowledge of local farming practices and local tax laws
4. Expert knowledge of creative financing and how to use financing as a tool to make sales

The dealer should ensure that the sales people acquire this knowledge. He should provide this training on a regular basis plus the selling skills training needed to put the knowledge to good use. Sales people can be a big differentiating factor in a dealership in this or any market.

Being a one-stop store requires the dealer to investigate the local small farm market and then to either carry or have the ability to obtain all the things the weekend farmer would need. The dealer should promote itself as this one-stop store. There should be continuous activities at the store that appeal to the people in this market. Weekend farmers should not be forced to go elsewhere to find the resources. Satisfied customers are good walking advertisements. Having them congregate in the dealership where there are other potential buyers can be a big boost to sales.



Look Like You Belong

In the weekend farmer market, bulk is essential. One reason why Kubota does so well in this market is because their dealers carry large numbers of inventory on their lots. This is the dealer's best advertisement. When weekend farmers shop around, they are drawn to dealerships that appear to give them better choices. The dealership must look like a business and like it means business. It must have the proper signage, the right equipment on the lot and people who look as if they are doing business. There are a number of dealers in this market whose location is right next door to another competing dealership. One can always tell which dealer dominates the market by the number of pieces of equipment on display.

A clean environment is essential. Weekend farmers are accustomed to dealing in high-end stores and expect the dealership to live up to their image of a customer-oriented store. The store should be designed to attract this type of customer. It needs to be open and airy with equipment neatly and cleanly displayed. There should be no safety hazards such as boxes piled up as if they could fall at any time. The weekend farmer often brings the entire family to the store. This could include young children whose safety could be seen to be compromised by careless displays. Machines should be kept spotlessly clean and have prices and other information attached. Prices should always include monthly payments. This also helps other dealership people to discuss and sell the equipment when the sales people are not available.

There should be several machines with attachments on as part of the display. Whereas the full-time farmer can readily identify the uses of an attachment that is still in the box, the weekend farmer cannot. It is only when he sees the attachment on the tractor that he understands what it can do and it may be one of the things he is looking to do on his farm.

A special well-mown, fenced in part of the lot should be set aside as a demonstration area where the customer can try out the machines in a safe environment. Sales people should be aware that the wives will often want to test-drive the tractors too.

The interior of the store should be clean and contain a resource center. This is an area where weekend farmers can gather to find items allied to their interests. It should always have seating, hot coffee and fresh water available. Bathrooms should be located close by. The aroma from a constantly popping popcorn machine always seems to attract people. It is a good idea to have a no-smoking sign prominently displayed.

The resource center could contain items for sale such as books and magazines that relate to the farming practices in the area. Some dealers have stated that there are not many available. A search on Amazon.com will reveal hundreds of such books that can be purchased for resale. They do exist and some will even help the dealership. Small Farm Magazine, for example, can be obtained from the publishers on consignment. Video tapes are also available. Even if the dealership does not want to become a bookstore or a video

store, a few could be kept on hand with a catalog of others available for order either through the dealership or direct from the publishers.

Clothing is an impulse item for the weekend farmer. Having a display of popular brands of clothing or even catalogs could be another revenue-generator. Caps, buttons and toys are additional impulse items that have high margins.

Tools are an important part of weekend farming so a good display of tools should be in the store.

The dealership should publish its own monthly newsletter that contains items of interest to the weekend farmers in its area. New customers should be automatically signed up to receive it. It should also be available on the company's web site and available as an Ezine. This is an electronic magazine that is sent via email to subscribers. Customers should be asked if they prefer to receive this electronically. If they do, the dealer should also ask if they would like to receive other news about specials via email.

While the above may seem to deviate from the focus talked about previously, it does not. Everything is related to the needs of the weekend farmer. The concept is to create a one-stop center for the weekend farmer. He should regard the dealership as the only place to go to fulfill all his needs. This becomes a strong differentiating point as competition in this market becomes fiercer.

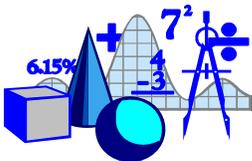
As part of the one-stop store concept, the dealership should offer evening and weekend classes on how to use or service the equipment efficiently. These classes should be short in length – maximum one hour each – because the weekend farmer does not have time to waste. After all, they only have the weekend to get a number of things done. If classes are held, the dealership should make sure there are activities for the children since they are likely to attend with the weekend farmer. The dealer should make sure that the classrooms are properly merchandized to take advantage of the captive audience. It would be preferable to have these classes at the dealership. Every opportunity for exposure should be taken.

The parts counter should be uncluttered and inviting. Displays should contain impulse items and not be a storage area for the latest UPS shipment because the parts person was either too busy or too lazy to put it away. Displays should be kept fresh and up to date and there should be a constant appearance of new items on display.

All employees should be neatly dressed in company uniforms that prominently display the major brand's name and logo. Their appearance should reflect the professionalism and attitude of the dealership. Poor attitude is, of course, a non-negotiable behavior that should never be tolerated. This should go without saying. Unfortunately, many dealers in this market still bring with them the poor attitudes that they have in the big farmer market.

There must to be a consistent look to the buildings, the fleet of vehicles and the people. The dealership must project an image that is in keeping with what the weekend farmer has become accustomed to seeing but at a higher level. Everything about the dealership must scream professional. The service trucks and all company vehicles must always be in top condition with the store name and the name of the major manufacturer prominently displayed. If the dealership has several stores, the look and experience of each store must have consistency. Multi-store dealerships catering to this market have a distinct advantage since they appear to the customer to be as large as the stores they are accustomed to buying from.

Not only must the dealership be visible in the area, it should control the impressions customers have of the dealership as much as possible.



Separate Facilities

If the dealership also sells to the full-time farmer, it is essential to separate the access to the store for each sector. The full-time farmer does not appreciate having to go to the same parts counter or to talk to the same technician as the weekend farmer. He feels that his needs are more important and has very little patience when he has to wade through lawn mowers or construction equipment to get to the sales people or when he has to listen to a customer trying to buy a part for his small tractor at the parts counter.

Similarly, full-time farmers resent it when they feel neglected because the dealership appears to concentrate on other business whether it is the weekend farmer, construction companies or any other sector. They want to feel that the dealership has invested sufficiently in their market to make them feel special. Service departments should be especially sensitive to the full-time farmer who often has service emergencies.

This becomes a problem when there is not enough space to separate the facilities or there are not enough resources to split the employees. Even if the dealership does not have separate facilities initially, this should be one of the goals of the dealership. Whatever the dealership situation, they should go out of their way to make sure their full-time farmer customers feel secure and not drive them to other dealerships that will gladly take them.

Analyze the Market Area

This should be high on the list of priorities. The dealer should know how much business he can reasonably do in the area. This analysis should include the types of machinery in the area, the numbers of each type and who owned them. It should also include the parts and service business he could get immediately and the parts and service business he would have to develop.

Segmentation by market would be very important. The categories would include the weekend farmer, government agencies, municipalities, schools, colleges, golf courses, landscapers, construction companies, large companies, and any other business that could utilize the small tractors and lawn and grounds care equipment. The aftermarket potential should be similarly categorized

The weekend farmer is very difficult to identify in an area. Since they are hardly on their farms during the week, drive-by prospecting becomes time consuming and fruitless.

Maps and plats will give some direction but they merely show where the weekend farm is likely to be located. There are methods that one can use, however, to locate the weekend farmer.

One way is to befriend the realtors in the area. They are more likely to know who had recently bought property in the area than most and are also privy to information on new property exchanges. If the dealer can show the realtor that he would be providing a

service that the client of the realtor would appreciate and if he attached a small reward, the realtor may be able to provide information before the competition gets it.

Since one characteristic of the weekend farmer is that he or she is usually someone who “wears a suit”, one can expect that these are people who have fairly high positions in companies or are professionals and have above average incomes. Sales people can locate the civic organizations these people are likely to belong to and then offer to do presentations to these groups on the equipment they sell.

In the business to business sectors, the Yellow Pages is a useful first step. The internet gives access to their web sites from which an enormous amount of information can be gathered. Talking to the dealer’s own client base and getting referrals are other ways to identify the players. Then there is the old stand by – cold calling. Identifying the people in the market can give a fairly good idea of how large the market is that is available to the dealership.

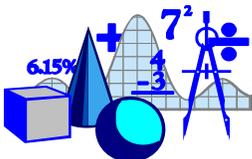
Manufacturers can be extremely helpful in providing county by county data that the dealership could use to determine market size and worth.

As prospects are identified, the dealer should map them out in geographical segments. The dealer should analyze this data to determine the best approach to the market. He should section out the areas where he is most likely to achieve success early. Success in the business to business sector does not necessarily mean initial big sales but sometimes

where he could make even small sales immediately since his objective would be to gain customers quickly. It is always easier to sell to someone who had previously bought from you as long as the first experience had been pleasant.

Here are some methods to identify the weekend farmer.

1. Plats
2. County tax offices (transfers)
3. Realtors
4. Farmers Associations
5. Gin Co-ops
6. Farmer Co-ops
7. Farm Bureaus
8. Title companies or abstract offices
9. "Eyeball" prospecting
10. Talking to customers
11. Making speeches
12. Doing demos



Start With the Right People

Interestingly, even though they will be selling farm equipment, the sales person specializing in the weekend farmer market or the other markets for small tractors need not be the usual agricultural equipment sales person. This may even be a disadvantage. Dealers may be better off selecting new sales people for these new markets. The sales people should be personable, willing to act as consultants for the weekend farmer and other customers, knowledgeable about equipment and the farming conditions in the area, experts on financing, and, very importantly, be able to close sales at the first meeting. While developing relationships is always important in business, sales people should be able to recognize opportunities to sell when they are in front of their noses and be able to ask for the order on the first meeting. Dealers have commented that, once a prospect leaves the store without buying, it is unlikely they will see that prospect again. Since they will be in the store most of the time, sales people should be able to utilize their time well when there are no customers. They should be prepared to work unusual hours since this market requires the dealership to stay open on weekends.

The sales people calling on the golf courses and other business markets should be self-starters who have learned or can be taught how to handle complex sales. A complex sale is one where there is more than one buyer. Sales people should learn to identify the different buyers in an organization and how to sell to each one. They should have a thorough knowledge of how their markets operate including how bids are made and processed. There is a business to business type of selling. Therefore, they should be grounded in business practices to be able to help their customers select the right

equipment for their business needs. They should learn how to develop proper business relationships. This is not simply making friends. In a business relationship there are certain well-defined business expectations on both sides.

All sales people should have a good understanding of what they are supposed to be doing. They should come with a good work ethic, a reasonable education and a caring for customers. They should not be frightened off by prospecting and cold calling.

Sales people should have high motivational energy, clear goals and no serious call reluctance. Preference may be given to college graduates who are willing to learn.

Testing can be done to avoid the poor sales people and swift action should be taken when the wrong hire is made.

Parts people should have a thorough understanding of the parts department and the customers they serve. They should have the willingness and the ability to interact with people on the phone and be prepared to make many cold calls. Since many weekend farmers do not use their equipment enough to wear out parts, parts people must become creative in finding allied parts or tools that the weekend farmer could buy. They should be expected to be proactive in acquiring additional parts business. Up-selling or selling related parts should be a matter of how they do business. Because sales people may sometimes be away from the store or busy with other customers (it takes longer to sell a weekend farmer), the parts people should be trained to make whole goods sales or, at the

very least, to collect the right information from enquirers when the sales people are not available.

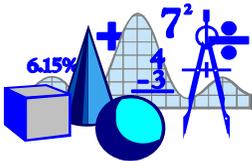
Technicians should be the most competent with the right training and experience. They should already have a level of proficiency turning wrenches and understanding the workings of the equipment they work on. They should also possess some people skills or be prepared to be taught them. Technicians should be prepared to discuss information about equipment with the weekend farmer and be polite and professional when going out to do service or repairs.

Office personnel should know how to relate to customers as well as keep the paperwork flowing seamlessly. They, like everyone else in the dealership, should be taught how to gather information from people who make enquiries so that sales people can follow up later.

Managers of all departments should know how to get their people to do the work with pride and how to continuously develop them to become better each year.

The sales manager should share the sales philosophy of the dealer principal and should be able to impart it to the sales people. He or she would seek out the various business opportunities available to the dealership and devise strategic plans to acquire the business. He should develop the sales people to become professional consultants and help them to develop strategic sales plans for their time and their territories.

Dealers constantly complain about how difficult it is to find good people but they do exist and the dealer should go out of his way to find and then retain the best available. He may have to pay more and provide better benefits but, since one gets what one pays for, he should structure his employment plans to attract and keep these superior people. His people should not only have better employment pay but also better employment opportunities. Each person should have a career development plan with definite career paths to follow. Each employee should undergo a thorough orientation so that they would know the mission of the dealership, how they fit into it and what is expected of them.



Processes

Since 90% of selling is process and only 10% is inspiration, the dealership should develop the right sales processes immediately. These processes will come in handy for the parts or service people who will need to know the process for approaching and dealing with customers who come into the store when the sales people are not available. Every employee should be taught what the process is, what it is designed to do, why they should follow it and what would happen if they did not.

Processes should include things like how to prospect, how to approach a customer, the various paperwork and follow-through processes when a sale is made, and the follow-up process when a sale is not made. Processes should include the steps needed to be taken to develop business relationships with the non-weekend farmer customer. Each step of the way should be clearly mapped out for the sales people to follow. They should be taught when and how to complete a profile on customers and how to analyze the profile for future business.

Sales people and others should be able to follow the process in approaching a potential customer that enters the store or that calls up in response to advertising. They should know what to say, how to ask the right questions and how to analyze the needs of the customer. There should be a format to follow in the order of the way things are done during the sale. There should be a series of questions that the sales people should ask of each customer and they should learn these by heart. The sales people should learn how to

demo equipment and how to get the customer to ride and operate the equipment in the safe area.

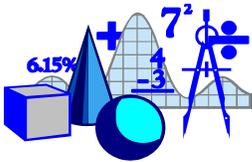
Since it can take up to two hours to make the sale to the weekend farmer and then an additional hour to explain what he had bought, warranty and other issues, sales people can be tied up with one customer for a long time. This is why it is important that other people in the dealership know the processes to handle other customers who may be waiting.

Sales people should clearly explain the warranty. This will avoid the “*Sears Syndrome*” where a customer may feel he can return a damaged product for exchange after several months. Customer expectations should be clearly understood at the time of the sale and the process should guarantee this.

There should be a follow up process after the sale that ensures the customer receives what he expects and that he is able to set up and operate the equipment he has bought. The follow up process may consist of several steps including thank you cards, phone calls, on-farm visits and opportunities to ask for referrals.

There should be a follow up process for enquiries when a sale is not immediately made. The sales person should gather enough contact and other information to be able to effectively follow up later.

The processes should be thought through carefully and then automated as much as possible. The sales people should be taught how to use the automation to make them more efficient. Computer skills should be a requirement of the job. Database management software that allows the sales person to store and retrieve profile information and that allows them to generate reports based on the data should be in place. A program such as *Act!* could be extremely useful.



Bring the Customers in

Advertising is the key to bringing weekend customers into a dealership. Since it is very difficult to find them, advertising becomes one of the only ways to reach them. The dealership should experiment with all advertising media but should limit its advertising to the local markets. Not many weekend farmers will travel too far outside of their farm areas to find equipment when they can readily find suppliers locally.

Television and radio should be used to see which drives more customers into the store. Newspaper advertising in magazines such as *Thrifty Nickel* makes enormous sense. One dealer boasts that this is the only way he advertises and he has built up a huge business serving the weekend farmer.

Sales people can make speeches about equipment at local civic clubs such as Lions, Rotary, farmer organizations and Chamber of Commerce meetings.

Participation in local events such as Christmas parades, school parades or football games can put the dealership's name and major brand in front of a large number of people.

Display space at a local mall is another way to attract attention. This need not even be manned. Simply having a compact tractor with some attachments, an eye-catching sign and several brochures may be all that is needed.

Farm shows that also cater to the weekend farmer should be a must for the dealer.

Billboards also work. The best billboard is a lot full of tractors. This becomes like a magnet that brings people into the dealership.

Word of mouth advertising should be encouraged. Customers should be rewarded for bringing in friends who could be potential customers.

The dealership should have a special customer-friendly section on their web site that contains information useful to the weekend farmer. This site should direct the customer to ways to order parts, service or simply to make enquiries on and off line. It should contain pictures and information on various equipment. The site should always ask the customer if he would like to trade older equipment for newer and better equipment.

When advertising, the dealer should always advertise equipment with attachments already attached. This allows the dealer to advertise packages. This not only confuses the competition and makes comparisons difficult, it presents a bigger value to the customer. For the comparison shopper, it brings to his attention things he may have overlooked in his quest to buy the cheapest tractor.

Packaging is an extremely profitable and useful way to sell and it can easily be applied to the small tractor market. Service and parts can be included as part of the package.

Packaging could include various attachments.

The Aftermarket

The aftermarket may not be as large as that of the big-farm market but whatever is available, the dealer should get. Many dealers have stated that the aftermarket for a weekend farmer is roughly \$500 per year. If this is true, and this is still open to debate, then the dealership should be able to corner at least this amount and prevent it from going to his competitors. Most weekend farmers do not have the time or the desire to do repairs or service themselves. The dealer should make it easy for them to have the dealership service or repair their equipment.

Parts and service departments should be proactive in getting parts and service business. The parts manager should be charged with identifying prospects for parts for all equipment in the area and then launching a cold calling blitz to bring in customers. Customers should be asked for their email addresses so that he could email them specials on parts. He should also set up a system to accept and fulfill parts orders on-line.

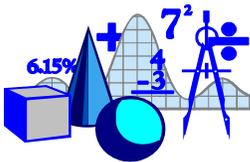
The service manager should develop a list of service prospects on all equipment in the area whether bought from the dealership or not. He should train the technicians to call service prospects on the phone to drum up service business and even to make on-farm calls. He should not limit himself to small tractors but seek out other service business too.

Coupons could be used for service and parts. Whenever a coupon is redeemed, the dealer should immediately give the customer another one. By redeeming the coupon, the customer had just proved that it had worked for him. The next coupon should also work.

The dealership should have service trucks that can call on customers to do service or minor repair work. The weekend farmer generally does not have the ability to bring equipment to the shop and many business customers would prefer to have service done at their sites. The weekend farmer should be told at the time of purchase that the dealer can go out to his farm during the week to service or repair equipment so that it will be ready to use when he returns the following weekend.

The dealership could cultivate relationships with other stores that sell equipment but are unable to service it. A “*big box*” store in a local area would be a candidate for this type of arrangement.

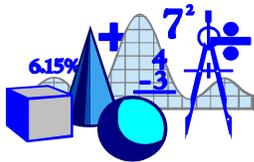
Even after the above, the aftermarket may not be very large. The dealership should promote service specials to the other business to business customers and offer to provide service even on equipment he has not sold them.



Know the Competition

The dealer should know what the competition is like in his trade area. The sales people should become familiar with their equipment and how it compares to their own. They should be expected to know the competition's equipment at least as well as the competition's sales people. They should learn about the programs offered by other manufacturers and know how it compares to the programs their manufacturer offers. Dealer field personnel can be very helpful to obtaining this information.

The advertisements of the competing dealers should be monitored. The dealer should know where they advertise and how. This information can be used to differentiate the dealer's ads. Different attachments can be shown in ads. The ability of the dealer to advertise prices and monthly payments may be limited by the manufacturer so the dealer should know what the policies of his manufacturer are.



The Value of the Brand

There are some dealers who feel that they are better off carrying only shortlines.

However, most shortlines sell better in a full brand dealership. Having a known brand has some immediate benefits. Prospective customers already know the major brands because of their long history and marketing efforts. There is tremendous value in placing a Deere, Case IH, New Holland, Massey, Caterpillar, Agco or Kubota sign up. These signs are instantly recognizable and bring with them instant credibility. Simply having the signs up will bring customers walking through the doors. The majors have field personnel that could benefit the dealership and they already have long-standing contacts in the community that they would be willing to share with the dealer.

The dealer should lean heavily on the major brand it had chosen. It should have as many pieces of equipment and parts that carry that brand as possible and it should actively promote the brand. This would be in the dealership's best interests. Every time it promotes the brand and makes it stronger, it benefits.

One of the considerations in choosing a shortline should be that it enhances rather than detracts from the major brand. The shortline should help sell the major brand better. Price and profitability would be important but should always come second to quality and enhancing the major brand.

Training

From day one, there should be a commitment to training of all people in the dealership. This should not be training for the sake of training. Training should be considered an on-going process essential to the dealership. The dealer should create a learning environment. One of the hiring criteria should be the trainability of the employee.

Each employee should have a personalized training program drawn up for a year at a time. The required skill sets, people skills and business expertise should be determined each year and a plan of action drawn up to acquire these within that year. This should be true for managers as well.

One training opportunity is in-house cross-training utilizing the skills and expertise of employees.

Managers of all departments should devote half a day each week to the personal development of one employee working for them.

Employees who enroll in college courses should be eligible for a reimbursement program that encourages this type of education whether it is job-related or not.

Training should be used in the following order:

1. In-house cross training
2. In-house management training of employees

3. Manufacturer-provided training
4. Outside training consultants
5. Colleges

The first two represent the most cost-effective ways to train. People would not have to travel and the dealer could schedule training days at his convenience. Manufacturers provide very good training programs at bargain-basement prices. He should certainly take advantage of those. However, not all of their training programs go far enough so the dealer should choose carefully. The dealer should have an on-going product training program so that the sales people become true experts on the equipment they sell. Since product specs change constantly, this training must be held regularly to keep sales people up to date.

Outside training consultants are expensive. Therefore, they should provide customized training for the dealership rather than bring off-the-shelf training. There should be measurable results. Measures should be put into place at the beginning of any training program.

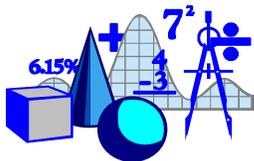
Colleges, especially Ag colleges, could provide training not available elsewhere.

Conclusion

The compact tractor market looks as if it will continue growing. As the big farmer market becomes more complicated and condensed, fewer dealers will be required to service it.

This forces many dealers to consider other markets in order to survive. The compact tractor delivers these additional markets. Because more and more dealers are being forced into this market, it will soon become over-crowded. Unfortunately, the price cutting so prevalent in the big farmer market will come with them. There is ample evidence that this is already showing up. Therefore, the serious dealer who wants to develop this market professionally must begin to differentiate himself from the rest of the pack. Some dealers dabble in the market while others only subconsciously enter it. There are many amateurs who have drifted into this market through sheer necessity and they may well be the ones who end up spoiling it for everyone else. This may be one of the reasons why Deere and Cub Cadet decided to sell through professional organizations such as Home Depot and Lowes.

The professional dealers will have to combat all of these competitors and the task may seem daunting at first. However, with the right approach and a clear understanding of what it will take to differentiate themselves, they could be the ones that dominate the market in their territories.



Frank Lee

Frank Lee, president of Sales Academy, Inc., has been consulting in the Ag equipment industry since 1994. During that time, he has:

- Trained over 7000 people at dealership and manufacturer levels
- Completed several studies in the weekend farmer market
- Developed several sales and sales management workshops and programs specifically for the Ag equipment industry. (His “*Managing Iron Salespeople Workshop*” receives rave reviews from dealer owners and sales managers.)
- Spoken at several industry functions
- Written and published 2 books that have become industry standards – “*P.A.S.S. C.A.L.F. – 8 Behaviors of Sales Success in an Agricultural Dealership*” is for dealer sales people and “*Managing Iron Salespeople*” is for dealer sales managers. Both books have been used as required reading in 4 Ag colleges.
- Developed the International Ag University in an alliance with Jerkins Creative Consulting, an industry first
- Become one of the most respected and recognized consultants in the industry

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