

Learning Without Scars

Quarterly Newsletter

Dynamic Internet Based Learning
TRAINING SOLUTIONS FOR EQUIPMENT DEALERSHIPS
Construction • Mining • Agriculture • Cranes • Trucks • Trailers

Product Support Selling and Marketing

Winter 2021

An individual person sells the first machine to a customer, the product support teams and the work they do in providing exemplary service to the customer thereafter determines if you will get the replacement machine for your dealership. This is not an easy task. There are many moving pieces that are required to be done consistently and at high levels of performance. Providing solid marketing and professional selling skills will determine how effectively this is done.



The Customer Service Focus

Businesses in the Capital Equipment Industries have spent years creating the realities of our businesses today. This is true for our suppliers, our customers and yes, even for ourselves. We have spent a long time creating the positions that we find ourselves in.

Since the eighties we have been consumed with the quality movement such as Participative Management Teams. All of these “movements” have focused on process. We have become a cost driven, process improvement, downsized and re-engineered group of businesses. In other words, we are all inward looking.

Where did that leave the customer?

Many customers went looking for different suppliers, rightfully so. Companies that have succeeded over the past ten to fifteen years are those that have matched process improvements - costs reductions and efficiency improvements - with customer service quality.

We have to start from the position that the product or service that is being offered is of high quality itself. It is important to note that service quality, without matching product quality, is NOT the answer. High product quality with low service quality will fail as will high service quality with low product quality.

In the eighties, Dr W. Edwards Deming and J.M. Duran were “discovered” by American businesses. This was as a result of their work in Japan. Japanese Management became highly respected during the eighties as a result of the success that Japanese companies had in obtaining high marks from consumers in the United States as well as across the world. The success of “Japan Inc.” caused serious consternation in America as well as in other countries.

One of the most important items to remember is that the response received, here in America, once the way was found, and was rapid and profound. Change was revolutionary in scope. The mantra of Deming - 'constancy of purpose' was applied single-mindedly to many aspects of businesses. Very successfully!

The dilemma is that most companies attacked and solved problems that were well known. The other concern is that the problems that were solved were problems established and identified by inside the Company. This was NOT a customer driven drive. This was NOT a Customer Service Focus.

To many companies the rewards - profit improvements and return on equity - were indicative of brilliant strategic thinking and strong leadership.

The trouble is the results were from solving the EASY things. The low hanging fruit was picked off. The true solutions are never that simple. Normally they are not long lasting. Whatever competitive advantage was derived from the quality movement was lost when everyone become an adherent to the same principals.

“Customer Service Focus” - is important because it includes the CUSTOMER.

This is quite different and not nearly as easy! It involves constantly surveying and adjusting. It requires strong customer relations. It requires partnerships and

openness to criticism that is rare. But the results can be overpowering. Imagine “Customers for Life” - theirs and yours. Imagine “Zero Customer Defections.” Imagine your customers being “Apostles” for your business.

One of the strange truths about business is that most “management measures” used during the past ten to fifteen years have been inward looking. These measures evolved from the serious financial crisis that we lived through in the early eighties. A time during which many companies in the Heavy, Light Industrial and General Equipment Industries went bankrupt, good management or not, well run Companies or not. Many dealers went out of business.

Good people. Good Companies.

We are very sensitive to this fact. We have instituted many financial measurements. We have created business models to follow. In other words - we have established early warning systems that will allow us to avoid the problems that existed in that period of time. We were blindsided by high interest rates and unprepared for the consequences.

The trouble with these measures is that they are misleading us. They do not look out to our customers. They deal with profitability and productivity. They do not measure market penetration nor do they measure customer satisfaction.

Remember - inward looking Companies that rely on Industry Standards are destined to fail.

Customer Service Focus

To start with, we must outline what we mean by “Customer Service.”

Within your dealership you offer Products and Services. Parts - New, Used or Exchange; Service - Shop, Field, Maintenance Services; Sales - New and Used Machines and Attachments; Rentals - By the hour, day, week or month.

These are the ‘Things’ you offer. This is for the customer – ‘what they get’. This is labeled the ‘generic’ level of customer service by Ted Levitt in his book. It is the thing that you provide.

This "what they get" can normally be measured in pure ways as to the level of quality that they receive. How long did it last? What was the cost per hour? There are many methods out there to measure product quality.

They are all objective measures. They are not subject to opinion. They are hard numbers. This is what we have all been driven too over the past ten or so years, the normal “model” for businesses. Everything has been distilled down to some basic numbers.

- Sales per Employee
- Gross Margin
- Inventory Turnover
- Receivables Aging
- Gross Profit per Salesman

The Customer Service Focus deals not with the "what you get" issue. It is not about pure financial measures. It is not measurable. It deals with “how they get it.” How the customer perceives the service that they received in the ‘moment of truth’. This is what Jan Carlzon, the former President of SAS - the airline that received many customers service awards, has called the time of the interaction between the customer and the serving employee.

Did you know that we are fully accredited as a provider of continuing education through the International Accreditors of Continuing Education and Training (IACET)?

This is something that is very different. It is owned by the customer - they know “how they got it.” The trouble is - we don’t know “how they got it.” We think we do. After all our business is doing fine. Isn't it?

There are many surveys of purchasing defections that point to the customer defections being NOT because of product quality. In fact, a Wall Street Journal poll used in the “Exceeding Expectations” section talks about 75% of customers buying from companies that charge more for their products or services and deliver better customer service. Most customer defections - 60% to 70% have nothing to do with product quality. In that same session on expectations, we learn that 68% of customer defections came because the customer perceived that the employee was indifferent. Not that the employee was indifferent but that they perceived the employee to be indifferent. I believe it is clear that we MUST have a Customer Service Focus.

Everyone in the organization, not just those that touch the customer, must have customer satisfaction as their primary reason for being at the company. To use a trite statement – if you don’t serve customers...find someone who does and serve them. You have heard on

videotapes the phrase “delight the customer.” This sounds quite like a sissy in this macho world of equipment. Yet we must delight customers. We must make them happy. We must “WOW” them.

This is not easy to do. It is harder to get it consistently across all of the company. All of the employees. All of the time. But that is what the Customer Service Focus must become. How they get it must be consistent across all product and service offerings. In all stores with all employees to all customers. Not some of the time - all of the time.

In simple terms, we have a contract with our customers. We must do our best ALL the time to satisfy the customer needs. We must take on the customer needs as our needs. We must apply ourselves with the same vigor and interest as if their needs were ours. It is pretty easy to visualize, isn't it?

We provide parts and labor services to support the equipment that the customer owns and/or operates. We must provide a level of service that reflects a basic respect for them as individuals and their needs as consumers. We already know, intuitively and factually, that the customer is everything. Without the customer we have nothing. They determine our success or failure. As Bob Farrell says in his books "I'll Be Back" - they buy our next car, our next house, they own our business.

That success or failure is based on our delivering to them what they want when they want it. And if we provide this service in a cheerful and helpful manner then the customer will be back.

In most of the psychology classes we find out about "Maslow's Hierarchy of Needs". This theory suggests that our behavior is influenced by the strongest or most immediate need we have. This then goes on to say that as one level of needs are satisfied then we can go on to the next level of needs. We move from one level to the next to the next. A number of conditions and factors influence where an individual is along the hierarchy of needs at any point of time.

Maslow's Hierarchy of Needs

Self-Actualization
Esteem
Social
Safety/Security
Physiological

In the case of a customer needing parts for his machine - if the machine is down, if you have the part, you satisfy a basic need. If you do not have the part then there is the beginning of a problem. How you deal with that event is critical.

Retaining Customers

We must establish a goal of Customer Retention. How about; - Every customer that we do business with today we will do business with forever?

That is quite a mouthful.

This is also stressed in the subject called “Customer Loyalty.” We need to establish the methods, styles of communication, delivery vehicles, employee recognition and measurement methods to establish customer retention. We don't want to enjoy just a single sales transaction but an ongoing relationship with a lifelong series of transactions.

We must transform the sales and service methods that we use into a “personalized” form. A form that is revolutionary in the eyes of the customer. It must be employee based. They must feel liberated in their actions. They must feel free to do what ‘they’ believe to be the “right thing.” That means that we must first train the employees to understand what the “right thing” to do might be. They must understand how far they can go to satisfy a customer or a particular transaction or a particular problem.

If your customers look to you to provide products or services as a last resort that they turn to when all their other channels of distribution have been tried and failed to solve their problem, then the relationship is not really a good one. Is it?

How can you build on that type of relationship? How did you get into that position?

Over the years, competition has come and gone. The machine sales groups have settled into a reasonably standard series of names - a list of competitors. Some consolidations have changed the landscape a bit, but for the most part all the types of equipment are still in place and these brands are still there.

A truth about current equipment that is sobering and that we will be dealing with for many years to come, is that the parts and labor



consumption rate per machine hour of use is in serious decline. The equipment made today operates with a much lower cost per operating hour than at any other time.

The common thought is that if all equipment in use today was replaced with a machine of the current years manufacture, the Parts and Service volume would decline by approximately 50%.

How would your business make out if the Parts and Service volume went down by 50%? Would you still be in business?

However, it is critical that we understand the importance of customer retention. Imagine the situation where you would lose 5% of your customers each year. Over a period of twenty years, you would not have any customers left. Imagine the difficulty of trying to create new customers at that rate each and every year.

Further, you know how quickly customers' purchases grow. It is fine to make equipment sales. But the long-term benefit to the dealership is the parts and service business that the use of the machine generates.

Retaining customers is most certainly important. Do you realize how important? How do you measure retention? Do you measure retention? Most don't!

Let's describe a quick review.

Look back at your dealership and get your customer list and the purchases for each of your customers - all the purchases, parts, service, sales and rentals.

Now separate them into their buying patterns.

- Purchase something every month
- Purchase something every quarter
- Purchase something twice a year
- Purchase something once a year
- Purchase nothing in the year

Repeat this for each department. Parts, Service, Sales, Rentals.

What do you think the distribution will look like?

Now take the total purchases for the same time periods and split the sales volume into percentages. Repeat this for each department.

Now just this small exercise will lead you to start thinking about strategies for individual groups of customers. How should you manage the business with customers who buy every month? How about those that haven't bought anything in a year? Each group is different and needs different strategies. Without this type of review customer retention will become a "hoped for" result.

This should be done even at the sales territory level. It all counts toward customer satisfaction.

Learning Without Scars



As a third-generation educator, it is easy to say that teaching and training are in the blood for Ron Slee. From his beginnings as a coach, through his time at McGill University, Ron developed a foundation for the work he does today.

Learning Without Scars provides comprehensive online learning programs for employees starting with an individualized skills assessment. These assessments allow us to then create a personalized employee development program. From their assessed skills, the employee is asked to select from classes designed for their skill level which allow them to address the gaps in their knowledge level. This allows the employees to move through four progressive categories of learning: Basic, Intermediate, Advanced and Expert.

Class References

- [Basic Marketing](#)
- [Customer Loyalty](#)
- [Customer Retention](#)

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Do You Know The Answer?

The major construction equipment companies are Caterpillar, Komatsu, Deere and Volvo.

Which one of those four was the first one founded?

Educational Resources

All of the resources listed below can be found on our website : www.LearningWithoutScars.com under the Resources menu.



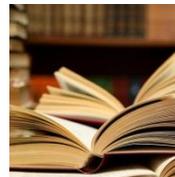
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We created a list of recommended books that have come across our table and that we thought you would enjoy reading. They are sorted by category and cover a wide range of topics to enhance your knowledge.



In collaboration with Reedz, we are offering educational audio tracks in multiple languages! We hope that you find the content engaging and beneficial to your work.



Your opinion is important to us! We are always looking to help people through engaging material. If you have a question or a specific topic you would like us to cover in a future newsletter, please email Ron ron@learningwithoutscars.com