

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

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The Digital Dealership and Selling by Alex Kraft



Alex started as an equipment salesperson for Flagler Construction Equipment (Volvo heavy dealer in Florida) in 2004. He worked various positions at Flagler, ultimately serving as Chief Operating Officer from 2017 to early 2020 when

Flagler was sold to Alta Equipment Company.

He started Heave in July 2020, an equipment platform. Customers come to Heave and post an equipment need. The technology connects them with dealer salespeople, and provides them multiple quotes in one place. No more chasing salespeople down, getting voicemail, and waiting for call backs. Heave loves being brand agnostic and 100% focused on getting customers information that they need, quickly and with a lot less effort than they've had to put in traditionally.

From the new machine sale to the scrap heap. That is the life of a machine that defines the responsibility for an equipment dealer. The only precondition involved is that the machine has to stay within the dealer's territory.

Equipment Sales in the 'On Demand' Age

Selling equipment used to be so easy. Or that's what I thought when I listened to the old timers tell me stories of taking a customer out and signing a "million-dollar order on a cocktail napkin". Then that damn internet came along and ruined everything! Truth is buyer behavior has changed. According to a recent McKinsey B2B study, there's been an 85% increase in the preference for buyers to conduct online research, and a 238% increase in buyer preference for self-serve looking for information on the companies' website.

The evolution of the sales profession is not just impacting the equipment world. There is a larger societal shift at play. For example, when I was younger, my perception of a salesperson was the Alec Baldwin character from the 'Glengarry Glen Ross' film. Baldwin's character berates a sales team with his hard charging, second place is for losers' mentality (in the movie 2nd place gets a set of steak knives!). Success was the result of those who simply 'do not take no for an answer'. Today's sales culture is much different. Training materials focus on skills such as listening, empathy, and personalizing a solution. I read a blog post today which mentioned the importance of understanding your prospect's needs and not lumping all potential customers into the same broad category. I'd love to take a trip back with a time machine to see the Baldwin character's face when someone mentions "empathy" as a key to closing deals!

What does that mean for equipment salespeople? First, it does NOT mean that salespeople are less valuable or that they will be unnecessary. To me, the job has changed. Customers aren't basing their decisions anymore on who takes them to Ruth's Chris or lunch twice a week. The most important trait for a successful equipment salesperson is responsiveness. What separates the best salespeople from the average is what they do AFTER the sale. Those that take ownership of issues that arise and solve problems are the salespeople that foster loyalty.

The best comparison I can make is to the medical sales industry. If anyone knows someone in the medical sales industry, you'll know that a medical 'salesperson' typically doesn't handle pricing. Instead, they focus on managing 'cases' or supporting the doctor's usage of the products. Another industry that we can draw from is real estate. Everyone is a real estate expert today due to the unprecedented accessibility of information, but there have never been more registered real estate agents. Despite this dynamic, an agent that helps a buyer through every step of the process is worth every penny.

Since more customers perform online research, they are more educated on the products than ever before. There are fewer unique brand features that a

salesperson can point out to a potential buyer. One area that I see a huge opportunity for salespeople to take advantage of is the focus on telematics data. Every OEM/dealer is touting their telematics data capability and the amount of information available. The problem becomes who's going to read through all that data? Great salespeople are 'advisors' for their customers, and what better opportunity to be an advisor than to use the data available on your customer's machines to provide valuable insight on how they operate their fleet. How powerful could it be for a salesperson to come to their customer, with 3-5 observations on their fleet performance for a specific job? Do you notice certain operators that can benefit from additional training? Are there potential looming issues on machines due to fault codes? Another area that customers seem to struggle with is when to dispose of a machine. Great salespeople know the market (like real estate agents) and could utilize their network to help customers maximize value for machines as they reach the end of their life cycle, so customers don't always have to send machines to auction.

In summary, what do all customers seek from their vendor relationships? Value and support. As I've outlined above, customers' definition of value has changed, so it's time for dealers' expectations for salespeople to adjust as well. That begins with redefining what a salesperson profile is. Some of the best equipment salespeople that I've ever seen were former mechanics. Their technical aptitude became a huge asset for their customers, as they could help troubleshoot issues, relay information to their service department, and in a pinch even turn a wrench themselves. Salespeople who continue operating with the belief that their job is solely to quote pricing, buy lunch, and push all other duties to another department will become very replaceable, very quickly.

In order to Succeed you have to be Adaptable.

What do Nick Saban, Domino's Pizza, and Ritchie Brothers Auctioneers have in common? Adaptability.

Every equipment dealer everywhere has uttered the words, 'because that's the way we've always done it'. I've heard it a million times and I may have said it once or twice. Adaptability is becoming a larger separator between the dominant players in an industry and the middle/lower tier companies. I've always been impressed by market leaders that continually work to improve and adapt to changing market conditions even when they don't have much incentive to.

As a huge sports fan, I've always enjoyed the parallels between sports and business. Nick Saban is undoubtedly the most successful college football coach ever, having won seven national championships. For those who don't follow college football closely, they may view him as a hard ass, but to me his success stems from a willingness to adapt. Saban's early teams were the conservative type, focusing on suffocating defense and a run-first offensive approach that limited mistakes. No one could argue with the approach as SEC titles and national titles piled up. If there ever was a person who could rest on his laurels and point to the "this is the way we've always done it", it was Nick Saban. But what makes Coach Saban a legend is that he's never satisfied and he's constantly seeking improvement. Even with his extraordinary success, he looked at the teams that beat Alabama and noticed similarities with their offensive schemes. The rules had changed in the early 2010's to lean more towards the offense, specifically the spread passing scheme. Instead of being stubborn, Saban leaned into the new age offensive schemes and Alabama has become the most dangerous passing program in the country over the past 4-5 years (averaging almost 48 points per game!) with 11 1st round picks on offense since 2019. Football fans have all seen the examples of the legendary coach in his last few years struggling to adjust to rule changes, differences in athletes from prior decades, and the overall style of the sport. It creates this sad state where we all think to ourselves 'the game has passed him by'. I don't ever see anyone suggesting that about Nick Saban because of his incredible ability to be open minded and adaptable.

Domino's Pizza was near bankruptcy in 2008 as its share price dropped below \$3 per share (today it's >\$400 per share!) and they were losing franchise locations. This led to a few changes including the launch of some new products and a completely new pizza recipe. Next, they launched a campaign with a promise to deliver pizzas in "30 minutes or less". When the competition just copied the program, Domino's was searching for an edge. The true catalyst that changed the entire company's future was their ability to adjust to the smartphone revolution and embrace digital ordering. In 2011, then-CEO Patrick Doyle challenged the internal team to create tools to allow customers to order a pizza while waiting at a stoplight. The average stoplight takes 17 seconds to turn green and Domino's has 34 million different possible pizza combinations. Impossible? Quite the opposite. Anyone who's ordered a Domino's pizza in the past 5 years can attest to the ease at the entire process from order to receipt. It isn't just about launching an 'app'. Domino's was at the forefront of

the “pizza tracker”, along with experimenting with autonomous delivery vehicles and electric bike deliveries in certain markets. The Domino’s AnyWare program allows customers to order directly from consumer 3rd party ‘apps’, such as Slack, Google Home, Amazon Alexa, a text message, a Smart TV, or even a tweet! Today, over 60% of their orders come from digital channels. With such an intense focus on customer experience, Domino’s launched an ‘Innovation Garage’ to continually test and implement new ideas. This culture has changed the entire perception of the company, to where they are more often characterized as a tech company than their standing as the world’s largest pizza company.

Did you know that Learning Without Scars is a fully accredited provider of continuing education through the International Accreditors of Continuing Education and Training (IACET)? This accreditation sets us apart in our field as we are the first and only education provider in our industry to hold outside accreditation. All students will receive CEUs when they take a course through Learning Without Scars.



Ritchie Brothers Auctioneers is a great construction industry example of adaptability. I just attended the big February sale in Orlando as I have every year since 2008. The RB Auction has become a destination, a networking event for so many in the industry over the years. One would think that a pandemic such as Covid-19, which brought ‘social distancing’ and outright travel restrictions would absolutely crush a company that holds in-person auctions, right? Wrong. Long before Covid-19 struck, Ritchie Brothers Auctioneers laid the foundation for online bidding at their in-person auctions. Ritchie introduced online bidding back in 2003, but it was their IronPlanet acquisition in 2017 that cemented their leadership position in selling equipment online. I was surprised to learn that prior to Covid, Ritchie’s online sales exceeded their in-person sales. Having been in this industry since 2004, I can’t imagine how much resistance RB must have had internally when the idea of selling used equipment online was posed.

Especially for a company that started in 1958 auctioning furniture at a rented hall. It seems like a stroke of genius today with our current conditions, but those seeds were planted long before it was popular.

The 3 examples above are success stories. Unfortunately, there are plenty of examples of the opposite, of rigid companies like Blockbuster movie rentals. At its peak in the late 1990’s, Blockbuster had over 9,000 video-rental stores, employed over 84,000 people, and had 65 million customers. The story is well known now that Netflix basically begged Blockbuster to buy their fledgling operation in early 2000 for only \$50 million. Blockbuster turned them down and today Netflix is worth \$195 Billion, and Blockbuster is out of business. This is the ironic part to me: if I’m chasing a competitor, I’d want them to keep everything the same. Please don’t change. Yet that seems to be the trap that most in the equipment industry have fallen into. If you’re 3rd/4th/5th in market position and you’re not pursuing new ways to do business, what do you think happens next? No one just falls into a better market position by staying the same. Learn to adapt or you may just be holding a position for someone else to come and grab on their way up.

What is friction?

I’ve always been interested in how words and terms find their way into common discourse, seemingly out of nowhere. The last few years, the words ‘culture’, ‘friction’, and ‘AI’ (Artificial Intelligence) are constantly mentioned. I’m not smart enough to break out ‘AI’ and culture is a bit played out at this point. I wanted to dig a little deeper on friction, specifically what type of friction exists in the equipment dealer today.

What is ‘friction’ in business? I typed that phrase into my Google machine, and this is what returned: “anything that prevents or dissuades customers from buying your products or services”. I was reminded of a great Bill Belichick quote the other day that made me think of friction in business. Belichick was addressing the team after a key loss to a rival and his message was, “you can’t win until you keep from losing”. The parallel that I see between what Coach Belichick professes and friction is that they are self-inflicted.

In football, teams prevent themselves from winning by turning the ball over, committing penalties, or mental lapses forgetting to cover certain players, dropping passes etc. Equipment dealers prevent themselves from winning in a variety of ways. The first example

can be a bad experience with a company's website. How does your website look on a mobile phone, where 70% of all traffic views web pages? What can a customer do on your website? Can they get pricing? Can they schedule a service or buy parts? If your website just has online forms (do you fill out forms on websites?) or ties to an OEM page that lists machine specifications, is it advancing your brand or generating interest in your company? Another practice that I'm sure keeps dealers from winning is the lack of pricing transparency online. The industry has struggled with this for eternity. I started as an equipment salesperson in 2004. I've competed against all the major brands. I've had customers show me hard copy quotes from all my competitors. Yet, when I look online at dealer's websites and their online listings on sites like Machinery Trader, the pricing displayed is not true market pricing (I'm being polite here). What is the purpose of showing pricing online if it isn't actionable? If customers stumble onto your site, how many are turned off and don't inquire?

The last example that I'll explore concerning friction in equipment sales is the prospecting/quoting process. Dealers have outside sales teams that are taught to cold call jobsites and customer offices. Talk about friction. If a customer needs pricing or information, they must call a salesperson. What if I don't know who my [insert brand] salesperson is? Friction. Most dealers don't list their salespeople on their website with contact information. Friction. If I'm a customer and I want to compare quotes, now I call multiple salespeople? Friction. What if there's been a change in sales reps? Friction. If I miraculously get someone on the phone, do they have the answer right there for me? Most likely, no. They must call me back. Friction. Ok, it's been a few days, but I have my price. Is it your best price? No, it's negotiation time. Friction. Best case, everything has gone well, you've breezed past all these hurdles, now it's time for that sales contract and finance application process. I'm sure all your documentation is electronic? *Friction.*

The basis of friction in parts and service is the effort required for customers to get anything done. Online parts ordering is still in its infancy and many dealers/OEMs don't even have it yet today. This leads to customers calling a landline, hoping to get someone to speak with to order the correct parts. Reporting a service issue is similar- call a landline and hope to get someone on the phone (how often do you get right through?). Maybe some customers text your local dispatcher. What happens when that person is out sick, on vacation, at lunch, or leaves? If you believe I'm exaggerating, call the phone numbers listed on

your website to put yourself in your customers shoes. I'd wager that you won't be pleased with the findings. After the initial conversation, what is your communication like with the customer regarding status of technicians and estimates for the repair? Many dealers still don't provide estimates before working on the machine. Invoicing the customer for work performed when they have zero expectation for what the repair cost is a perfect recipe for customer dissatisfaction. Not to mention how long it typically takes to invoice the customer. All these facets add up and can make customers ask themselves, 'do I want to do business with this dealer again?'

Circling back to Coach Belichick's quote, what I've described here is all within a dealer's control. Nothing mentioned above has anything to do with your competition. I'm afraid that for years equipment dealers run through these processes and think to themselves, 'well, but our competition is the same and we aren't any worse'. If that's the case, imagine what kind of employees you can recruit with that slogan and what your sales pitch is to customers! I encourage leaders to look within your departments and using another Belichick term, self-scout. The tendency has always been, look at our top 10 customers and see what their experience is like. This is a flawed approach because their experience is not the reality for the other 98% of your customer base. The goal should be figuring out how to offer those 98% the same level of A+ service the top accounts enjoy. We are in a different time today and there are many tools available that can help dealers solve legacy issues. If you take all the possible reasons for customers to say 'No' off the table, you may just end up with a growing piece of your competition's market share. Ask yourself, when was the last time the New England Patriots gave a game away?



Positioning: Who are you for?

When you work for an established company, there are certain things that get taken for granted. Customers in the market know your brand and they've experienced your products. Opinions are formed based on experience. For young companies, the art of positioning becomes incredibly important.

Wikipedia defines 'positioning' as 'the place that a brand occupies in the minds of the customers and how it is distinguished from the products of the competitors'. How do potential customers perceive your product when they haven't experienced it and it's not established? What I've learned over the past 18 months is: words matter. It's remarkable how certain words trigger different responses and can create opportunities or worse, close doors in your face.

One of the major challenges with positioning is that everyone seems to use the same words, regardless of whether they are accurate or not. As I've written before on this site, Heave in its simplest form allows dealers/sales reps to quote contractors equipment (for rent or sale) easily on their mobile device. I'm very proud of what we've built so far and couldn't wait to tell the industry...so terms like 'platform', 'marketplace', 'e-commerce', found their way into our positioning. The problem is that every tech company says that they are a platform/marketplace/e-commerce solution. The result is that you get drowned out amongst the crowd and no one remembers anything. Even worse, a customer will just assume your product is the same as one that they've maybe had a poor experience with, because of that similar description (without even trying it!).

For equipment dealers, it's similar. Pick a dealer, any dealer. Don't tell me who they are, let me guess: do they have the 'best' or 'quality equipment', with 'THE BEST SERVICE'? Are they 'customer first'?

Are they a 'partner'? I remember when I started as a Volvo salesman and attended a factory training session. Naturally I wanted to learn the areas where we had a competitive advantage, something tangible. One thing that I left armed with was Volvo's superior fuel economy compared to the competition. Unfortunately for me, I was flipping through a Construction Equipment Guide the next week and I see ads for Case promising the 'best fuel economy in the industry', same as CAT, Deere, and Komatsu. Now Volvo is just another brand promising the same thing as everyone else. I had to go back to telling customers we just had the 'best service'....

With Heave, we created something new and started with a blank slate. I became frustrated early on as we met people in the industry. 'Why don't they get it?', I would ask one of my partners. It seemed so simple to me, but I lived it every waking moment. The more I read and researched other companies, the more I came to understand how important positioning is, and how it can set companies apart. I didn't realize the skill involved in articulating an idea concisely with an economy of words. Once I had an appreciation for the nuance involved, we began tweaking our positioning. As we met with clients you could tell that it was resonating more, and we were getting closer. The final 'aha' moment for me was something that I believe every dealer/OEM can also learn from.

Positioning goes together with identifying a target market. A mistake that I know well is not recognizing your ideal customer. In the early days of Heave, I was afraid that if there were 100 potential customers, we needed to appeal to all 100. We couldn't afford to have a smaller potential pool of customers I thought. Thankfully, I came across a sales trainer named Josh Braun. Josh's content opened my eyes to how successful salespeople don't try to sell or pitch to everyone; they focus their efforts on those who fit the solution. It finally clicked for me. Heave is not for the 15-20-year veteran salesperson who has the same 15 accounts for the past 10 years. Heave is for the younger, inexperienced, hungry sales reps who are new(er) to a territory and building their book of business. Have you ever noticed that those who say that "it's a relationship business" are the ones who've had the relationships for 20 years? That saying is code for "this is MY customer, go find someone else!" This exercise was incredibly liberating for our team because it brought clarity to our mission and removed a ton of pressure. Now we weren't wasting time talking to those who weren't a good fit for our product. Do I believe that Heave could help that 15-year veteran salesperson? Of course, but why push a boulder uphill? Go talk to the 50,000 equipment salespeople in the US who are tired of cold calling offices and jobsites, that keep showing up and never get past the gatekeeper. Their manager offers solace by telling them, "Don't worry, it's just part of it. It took me 24 months to get my first crack at quoting Contracting. Now they buy 5 machines per year from us". That is our ideal user and our positioning followed. Now we were speaking directly to them.

While equipment dealers aren't starting with a blank slate, there is opportunity to stand out since everyone has been using the same terms since the 1960s. Don't make the mistake of just copying the competition. You

don't have the same resources as the competition, and you don't get credit for the ideas if you just are copying what someone else does. Who are the customers that your competition doesn't serve? Maybe this fresh positioning could be tied to embracing the technology driven changes occurring in the industry? Maybe your positioning can be focused more on certain products or customer segments? On second thought, consistency is your friend, and you can't go wrong with 'We take customers to lunch, sign paper contracts, and we stock a lot of parts'.

Class References

[Basic Marketing](#) | [Market Segmentation](#)
[Overcoming Objections](#)

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.

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