



# Successful Branch Operations:

## How to Make a New Start-up Service Center Profitable

by  
Walter J. McDonald, CMC

Equipment Dealer Principals tell me,

***“Successfully setting up and managing a profitable remote start-up branch service and parts operation is one of the most difficult aspects of the equipment distribution business.”***

What is the Overall Strategic Objective for a New Service and Parts Branch Operations? What does a highly successful start-up branch look like? What is the fundamental sales and marketing strategy necessary to quickly become profitable? What kinds of personnel are required to make it work? What type of headquarters support is essential?

### The Overall Strategic Start-up Branch Objective

The Overall Strategic Objective is fairly simple: Deliver high quality aftermarket service and parts support to remote equipment and machinery customers under a business model that can quickly become profitable and sustainable for the Dealership within 10-11 months.

### Start-up Branch Facility

The ideal Branch Facility is modest, low cost and safe, with sufficient tooling and layout to foster productive mechanical work. The building should be expandable for future additional work bays and added parts space.

## Start-up Branch Sales and Marketing Strategy

The successful Branch Sales and Marketing Strategy is **highly focused**. The priority is to sell **shop repair work** to all customers and accounts first within a 15 mile radius of the facility. Shop repair work has the highest yield on technician time as opposed to field service which often involves lost travel time.

**First priority is selling in-facility shop work.**

The very best and easiest method to sell repair work is through equipment inspections in “fix before fail” scheduled maintenance programs. Nothing will generate more service and parts business than an effective, well promoted maintenance program. So, the first efforts must be toward selling maintenance programs and inspections to all accounts within the 15 mile radius to fill up the new service center with work.

All accounts in this area should be contacted with e-Mail fliers, direct mail promotions and personal visits. Once every account in this 15 mile geographic segment is contacted, interviewed, profiled and set up with an on-going contact schedule, accounts in the 15-30 mile radius can be worked.

As soon as the shop is approaching 70% capacity for all working bays, field service work should be promoted. The value of 70% capacity is the cash and revenue generated at that level that makes the start-up branch financially viable.

## Branch Personnel

The successful start-up Branch operations has only two types of personnel: **FINDERS and GRINDERS**.

“Finders” are high risk/reward “hunters” who aggressively pursue sales. They are self-motivated, high-energy sales reps who can consistently make 40-50 “customer touches” per week through personal visits, phone contacts and email. Their compensation is based on incremental new aftermarket business or machinery sales for the dealership. Aftermarket reps are also compensated for providing leads for new and used and rental equipment sales.



“Grinders” are well compensated service technicians and parts support employees who fulfill the work brought in by the “Finders.” Since parts support handles incoming customer calls, there is no need for administrative personnel at first. There is also no budget room for bureaucrats, branch managers or overseers. Everyone at the new start-up branch is either turning wrenches, getting parts or selling work.

## Headquarters Support

In addition to site selection and personnel, two essential additional preparatory tasks must first be completed:

1. An assessment of delivered equipment in the new start-up branch territory must be completed to ensure the proper mix of parts are available to the extent possible.
2. A comprehensive customer and prospective account contact list must be developed with names, eMail and physical mailing addresses within the 0-15 mile, 15-30 mile and over 30 mile radius.

Then...

3. A pre-opening mail and eMail blitz to solicit aftermarket business should begin six weeks prior to the opening.
4. As dealers begin to open the third and fourth satellite locations, a daily parts delivery route is launched if practical.
5. All accounting, billing and product management responsibilities remain at headquarters, however, a well-structured, user friendly, windows based Enterprise information system (preferably a Cloud-based system such as *naxtsolution.com*) can contribute immensely to the overall successful management of the start-up branch.

## Biggest Management Mistakes

1. New “Finders and Grinders” should be given 60 days to demonstrate required skills, aptitudes and productivity. The biggest mistake is to let incompetent sleepers impede your success.

**Give employees a reasonable opportunity to meet agreed upon objectives. Then, up or OUT!**

2. Train start-up branch personnel to make good decisions on their own. Do not rely on parachuting in headquarters experts every time there is a local problem. Remember, employees will only make decisions up to the level you allow them to make mistakes. If you don't allow learning mistakes, they will not make any decisions!



To discuss more about this article, please contact Walter McDonald at The McDonald Group, Inc. [walt@mcdonaldgroupinc.com](mailto:walt@mcdonaldgroupinc.com).

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Walter J. McDonald has just completed publication of his six-volume *Master's Program in Dealer Management*. For complete details on this world-wide equipment dealer management best seller go to [www.mcdonaldgroupinc.com](http://www.mcdonaldgroupinc.com). Also on his website are several free downloadable White Papers for Dealer Executives, Sales Managers and Aftermarket Product Support Managers.