

Building Machinery Dealer Market Share: 20 Essential Components of Success

By Walter J. McDonald

In my 7-volume Master's Program book set, and in these Newsletters, we have been discussing useful and highly effective tools to build machinery market share. In this article, we summarize and prioritize essential market share building tools to help you achieve a dynamite 2021.

Gaining equipment market share requires a lot more than just having persuasive field sales reps. It takes the entire dealer organization working as a team, delivering value, helping customers reduce costs, increase productivity and increase their revenue.

A very successful client once told me, "Our success is the sum total of all of our employees' activities, every hour of every day!" Hence, the need for a very comprehensive look at what it really takes for a machinery dealer to build market share.

Give yourself 5 points for each of these 20 areas in which you are currently doing well. A good score is over 90. If you are under 90, there is opportunity to strengthen your drive to increase machinery sales and market share. Your first target could be to increase your machinery unit sales to a market share score greater than your primary OEM's.

Extensive "how to" insights are provided for each of these market building tools in my textbooks, *The Master's Program in Dealer Management*. Reference pages are noted after each tool listed below. Keys for the complete book titles are shown at the end of the article.

Keep in mind that 2020 was likely an unusual year, and purchase patterns may not be representative. But addressing changing patterns and building relationships can be timely opportunities.

Strengthen AFTERMARKET Sales, Marketing Programs, Practices

1. Housekeeping

When a customer walks into your service department, what does he/she see? Is the workshop clean, orderly, giving the image of technicians doing quality work? Is the floor spray washed and sealed? Do the technicians appear focused and well organized? Is a photo of the shop something you would proudly post on your dealer website? Or, does your customer see old rags, dirty floors, chunks of scrap iron, work bays used for storage, bits of garbage, dirty uniforms, a sloppy, careless image of less than top tier quality work?

2. Reinforce the Basics: Fill Rate to the Service Department (STO 448)

Your customer expects you to provide not just good products, but excellent after sale service and support as well. You provide service quickly, professionally, with no excuses. This means going the extra mile. More and more machinery dealerships today are differentiated on the basis of how they treat their customers, not just what they sell them. Excellent service and

product support is fast replacing features and benefits as an entry fee for the real players. This requirement cranks the “minimum acceptable” level up another notch.

At this level, service support replaces product features and benefits. Suppliers who are unwilling or unable to provide such extras as dynamite aftermarket product support are increasingly being squeezed out. This means that excellent off shelf parts fill rate to the service department for your primary lines and high quality field service are now absolutely essential to be a player.

Today, excellence in Product Support is just the ticket to play! And, the first step is an off shelf parts fill rate of over 96% in servicing your primary lines.

3. Reenergize Underserved Accounts (PBT 27, 37)

If a customer’s purchases are declining over time, he is probably doing business somewhere else. Unless a customer purchases at least six times from your dealership each year, he does not see you as a preferred vendor. It is important to determine who is being underserved, and who does not meet this purchase transaction threshold. Purchase frequency varies by industry; in equipment dealerships there must be six customer transactions per year in order for the dealer to be perceived as a necessary vendor.

The goal is to engage the customer: Who is slowing down in their purchase transaction frequency to under six times a year? Why? What are they doing? What are they not buying from you? Do you know where they are buying from? If you know your competition, you may find clues as to what they are offering that you are not.

If you don’t engage the customer on day-to-day purchase activity levels, larger equipment purchases won’t come. If they are purchasing less frequently than every two months, you should interact with this customer now because they are not buying at their historical levels. An existing account is 100 times more likely to purchase from you than someone who is not a current active customer.

Even a small contractor with only 2 or 3 machines will purchase **something** (parts, service, etc.) more than 12 times per year. Dealers need to monitor how many of those transactions occur. How many times have they purchased and how recently? The dealer needs to keep them in an eight week purchase cycle window. This purchase frequency will keep them in the corral of satisfied accounts. This process entails review of Purchase Transactions and Retention Lead Analysis.

How to Do It:

- A. New customers need to be called and thanked.
- B. Someone who has not purchased within 8 weeks gets a retention call.
- C. Prospecting calls driven by “active interest” contact leads derived from website clicks or E-Mail promotions.

Identifying underserved accounts is an intense data driven process, perfect for low cost embedded AI support software now available from **Winsbyinc.com**.

4. Monthly Parts and Service E-Mail Promotions (PBT 25)

The E-Mails you collect in your customer profiles provide the essential link to your overall marketing success. In your machinery distribution industry, unless customers hear from you at least 2 – 4 times per month, they will not think of you as a viable supplier. With updated E-Mail addresses for every customer and prospect, a formal outbound marketing effort is possible. Obviously, you can't send these E-Mails if you don't have the addresses.

Why is this useful? E-Mail promotions generate customer purchase frequency 2 – 3 times more than if you don't have them. E-Mail campaigns are the least expensive way to communicate and engage with customers and prospects. You are building "stable customers." Stable customers buy more than 50% of their requirements from you and will purchase 10X more than your average account. Your E-Mail promotions need to include the full range of products and services you offer: Then, you must:

- a) Track if the customer opens it.
- b) Did they click through to the website landing page?
- c) Did they call the number?
- d) Did they visit your website; did they purchase a product or schedule a service maintenance visit?

Dealers can make their sales reps 3 – 4 times more effective by conducting E-Mail promotions and capturing website activity.

Once your dealership gets both complete E-Mail information for customers and prospects and begins E-Mail promotions, experience shows dealers formerly at 5% to 10% sales growth per year are now growing at 20% to 40% (assuming the availability of capital, people, equipment and facilities). Moreover, 90% of dealer equipment unit sales are to existing parts and service customers who perceive their dealer as their preferred vendor. Expanding and increasing aftermarket sales to happy, existing accounts is directly related to increases in equipment sales.

5. Answer the Phone!!! (PBT 41)

If the dealership is busy and doesn't answer the phone during peak calling periods, dumping calls into voicemail, less than 4% will leave a voicemail message. If your potential customer has another vendor number to call, he will likely call that next vendor.

If you are burning 30% of your customers by not answering the phone or letting them go to voice mail, you have a big, big problem. In one dealer's case, a 30% drop rate represented \$2.4 million in lost annual parts sales for this dealer's parts department. This decrease was soon recovered when the AI monitoring software was launched.

Also, if customers didn't have a VIN (vehicle identification number), 70% of these customer calls were rejected by parts counter personnel! Instead of helping the customer with their order,

the customer was sent away by the parts counter personnel. This rejection represented \$1mm parts sales per month not sold. They were turning away more than half of their parts business. Unbelievable, but common.

Dealers need to track whether their employees answer the phone. Calls come in during two peak periods. Dealers are often not staffed to answer calls during these peak times, dropping them into voice E-Mail. Most dealers are lucky to answer 80% of their calls. They swear they answer 100%. But when checked, not true.

- A. Did you answer the phone?
- B. Did you convert the call to a sale?
- C. Did you schedule the service?
- D. Did you take the parts order?

6. Proactively Manage Expectations (PBT 38)

Customer calls to find out why you have not kept a promise or completed a job or “where is my order?” are “**status calls.**” This is most impactful for parts & service, but also applicable to rentals, and used and new whole goods deliveries – customers expect things when you promised.

Parts and service managers must stay in close contact with customers to best manage their expectations. Some dealers have as much as 50% of their very expensive machinery sales rep’s selling time consumed by handling problems that could have been caught earlier. If sales reps are just working with customers having problems, these sales reps will be lucky to be able to handle 50 accounts. So, the solution for service and parts and rentals is to text, E-Mail, or call every customer given a promise. And managers must take care of what was promised or expected. Dealers must drive consistent and regular communication with customers. If the customer is calling you for status, you have already failed.

7. Aftermarket Sales Driver: Maintenance Contracts, 2nd Segment Work (PBT 161)

What is the value of a successful PM Program (Preventive or Planned Maintenance)?

The answer is “7x.” A manufacturer recently completed an extensive study of their dealer aftermarket business. They discovered their dealers with successful PM Programs obtain “7x” more parts and service business from end users under maintenance contracts, then from similar customers who are not under contract. The reasons?

1. Leakage— Customers not under contract often purchase parts or service from other suppliers.
2. Improper Maintenance Schedules—Customers not under contract often delay (or skip) manufacturer recommended maintenance intervals.
3. Lost Opportunity— When major repairs are required, customers not under contract may or may not contact their OEM dealer for the work.

What is Planned Maintenance? The dealer PM Program is the comprehensive planned maintenance support, performed under a service agreement, with a customer at regular OEM

recommended service intervals. In addition to performing planned maintenance work to lubricate the machine, change fluids and filters, and make adjustments according to specifications, a comprehensive inspection report is prepared. The customers are presented this list of recommended repairs to maximize equipment up-time and performance. The goal: fix before fail! Remember, 2nd segment work generated by these inspections is the most powerful driver of parts and service sales in the business.

Many dealers want at least 25-30% of new equipment transactions to be with accounts new to your dealership. But we are finding the best prospects are current dealer parts and service customers.

The use of telematics provides significant value-added services to customers. From knowing they're due a service visit and proactively contacting them, to booking them in or noticing a diagnostic code such as 'battery low' could lead to getting there first for a parts sale. From prognostics and preventive maintenance to a full operational performance suite of information to help the customers manage their business more effectively, telematics has become an essential dealer business development and customer support tool. Today you can also link the service contracts and maintenance programs as well as the website and digital analysis and email campaign points to this, creating a highly sophisticated mechanism to always ensure your current and potential customers are being fed the right information always at the right time.

8. Customer Satisfaction and Retention (STO 191)

The average dealer spends six times more dollars to attract customers than to keep existing ones through employee development programs to improve service quality.

Customers leave because they receive INSUFFICIENT VALUE! A survey conducted by The McDonald Group, Inc. of industrial equipment end users found that other than price, these were the greatest causes of dissatisfaction:

1. Poor spare parts availability.
2. Service repairs not completed correctly, on time.
3. Inaccurate repair estimates.

In a hostile, highly competitive environment, there is HIGH ECONOMIC VALUE to Repeat Business and EXCELLENT SERVICE ---

- Second time buyers are TWICE as likely to buy again as first-time buyer.
- Dealers with LOW quality service (as PERCEIVED BY CUSTOMERS) average only 1/10th profitability and 1/3rd market share growth rate as Businesses with HIGH quality service.
- Dealers with HIGH quality service (as PERCEIVED by CUSTOMERS) are able to charge significantly higher prices, particularly for maintenance support.

Ask me for a reprint of our recent Newsletter article, "Customer Retention by the Numbers," an in depth analysis of drivers of retention. walt@mcdonaldgroupinc.com

Strengthen SALES MANAGEMENT Programs, Processes, Tools and Skills

9. Sales Managers Move from Selling to Managing (STO 319, 369)

Most dealer company managers have been doing or selling much longer than they have been managers. Consequently, the transition from employee or salesperson to manager is often a difficult challenge. In fact, many never really successfully make the transition.

Does your Sales Manager help your sales reps successfully execute each of the three primary phases of selling?

A. *STRATEGY*

Which market segments must be understood?

What product applications must be learned?

B. *TACTICS*

Which accounts must be contacted?

When? How? What approach?

C. *OPERATIONS*

What diagnostic questions must be asked?

What are the progress milestones?

What commitments must be obtained?

10. Build Accurate Customer Profiles (PBT 23)

Maintaining accurate, complete customer records, including E-Mails, is the most fundamental of all tools. Why? 20% of your customer database decays and becomes incorrect garbage every year unless well maintained. If 20% of your customer contact information becomes unusable every year, in 2 – 3 years, anywhere between 30% and 50% of your contact information is bad. It could be different people, different phone numbers or new E-Mail addresses. Today, customer employees change jobs every 5 years, and that alone tends to push deterioration.

Many dealers' sales reps have gathered far less current customer contact information for their records, including phone and E-Mail, than you think. If they have it in their trunk or glove compartment or in a wad of business cards, it is not in your system. Often dealers have less than 75% of customer phone numbers and less than 10% of customer E-Mails available. Typically, 40% of customer information overall is wrong. There is no central customer relationship management data collection. Remember, individual customer contact information goes bad at a rate of 20% per year. So, if you don't have a way to communicate with them, you are not in business. You can get help generating customer profiles from **Winsbyinc.com**. Building Accurate and Complete Customer Profiles should be the very first step in your effort to better manage customer expectations and increase market share.

The highly successful dealer of today and the future must have a comprehensive CRM system implemented and fully integrated (ingrained as part of the culture) throughout the organization. If your best salesperson can't/won't complete CRM records in a timely, comprehensive and accurate fashion and this is tolerated, it will propagate throughout your sales team like a virus and soon nobody will do it. If a sales rep can't keep up with accurate records, no matter how good they are at selling, they should be let go.

11. Market Segmentation, Prioritizing End User Groups (AE 232) (PBT 77)

Here we are answering the most fundamental strategic question: which products should we sell, and into what markets? Unless your sales reps are extremely enlightened, they will only sell products they know, into markets they understand.

Which products, in what markets, offer the most profitable overall business opportunities for your dealership? How can you expand that sector in your machinery and aftermarket sales mix in your overall business development strategy?

Look at each revenue center for opportunities to improve more profitable segments. Are there segments from which you should exit and stop wasting valuable field sales calls?

12. Teleprospecting

The next step in your market share building process is to identify every current and prospective account in your highest priority market segments. These are your highest priority contacts that must be quickly profiled and included in your E-Mail and personal contact efforts. This is a great job for a marketing intern with a pleasant voice. I once set up a dealer with two callers. The first young lady called each and every customer, updated their profile and asked about purchase or rental intentions. The second researched and identified all accounts in priority segments, called each company and completed mini profiles. They were each able to make about 200-230 call completions per week, generate significant machinery leads, and greatly improve the E-Mail mailing list. Each made about 10x the number of contacts each week as their average dealer field sales rep. If you'd rather have someone else manage the process and do the calling, contact **Winsbyinc.com**.

13. Team Selling in Major Account Sales (AE 249) (STO 421)

Three important facts:

1. The systematic management of Key Accounts is becoming more and more critical to business survival and prosperity, especially in the construction equipment and material handling industries.
2. Few dealers know how to manage Key Accounts effectively as the major business assets that they are.
3. The Key Accounts know how they should be managed.

The most effective way to manage larger accounts is with a collaborative dealer sales team. The customer development team, comprised of machinery and product support sales professionals, is a dynamite combination. The challenge to the team is to help the customer reduce maintenance costs, improve productivity and increase profitability utilizing your equipment and product support services. And, a most useful tool is the Key Account Strategic Profile. Ask me for a free template by emailing me at walt@mcdonaldgroupinc.com. Key influencers need to be identified, purchase criteria must be defined, applications must be clearly understood, product life cycles must be determined, and, most importantly, fears must be uncovered and dealt with.

A second aspect of Team Selling is the alignment between the dealer and OEM. This is not always easy, but alignment between dealer and OEM can create power through mutual support and trust that it is hard for competitors to match.

14. Sales Call Velocity (PBT 159-160)

SALES VELOCITY is defined as “Customer Touches per Month.” A “Touch” is any type of customer contact. A reasonable target is over 200 touches per month. How many “touches” does it take to sell one of your units? This is called **SALES EFFECTIVENESS**.

$$\text{SALES EFFECTIVENESS} = \frac{\text{Customer Touches this Month}}{\text{Unit Sales This Month}}$$

Once you determine this Sales Effectiveness ratio for your top performers, you can set realistic customer contact targets for the rest of your sales organization.

CALL FREQUENCY for each type of account must be developed based on fleet size and number of contacts. This drives the number of accounts that can be effectively covered. Determining Call Frequency is one of the very first steps in effective sales territory management.

Many dealers find establishing proper call frequency to be a great sales tool and have tweaked their CRM system to make this easy to track. The CRM system can motivate the sales reps to work more effectively.

15. Diagnostic Questioning (AE 247) (STO 494)

The skills of Questioning, Listening, and Recording are the keys to sales success. There is a close correlation between the skillful use of questions and success at every stage of the buying process.

In a sales conversation, the person who asks questions has the control. The quality of your rep’s questions and his/her ability to ask them in a logical sequence is what demonstrates to the prospect that they are complete professionals. They know what they are doing each step of the way. Additionally, they must carefully listen to and record the answers in their notes.

Questions arrest attention. While the prospect is responding, the rep has his complete attention. If questions are logical, orderly and sequential, they can lead the prospect forward toward the inevitable conclusions that your equipment is exactly what he needs.

Telling is not selling. The average person speaks at 125 words per minute, but the average person is thinking at 600 words per minute. When you are talking, the prospect can both listen to you and think of several other things at the same time. The more you talk, the more the prospect has time to think about objections, criticisms, doubts, fears and all the difficulties of his business and personal life.

The instant you ask a good open ended question, and wait patiently and quietly for the answer, the prospect’s entire attention focuses on you. He cannot think of anything else while answering.

BASIC RULE: *Never say a thing if you can ask it.* Telling is NOT selling.

16. Feature-Function-Benefit Demonstration Skills (AE 248) (STO 470)

If your sales rep is deficient in product and systems knowledge, he/she automatically relies on price as his crutch. This is a proven fact. Customers can instantly sense a shallow, poorly informed sales rep. And, they will “eat him for lunch.” Hint: **“your rep doesn’t know it unless he can present it.”** This axiom is especially true for product knowledge. Have your reps make “walk around” product presentations **weekly** in front your whole sales team for review and discussion.

A formal walkaround product demonstration should never be given to a prospect until after a thorough diagnostic interview is completed. Create a “selling case” to help train your sales reps. Provide the rep a few details such as the type of business you are in and primary applications. Have the rep conduct a diagnostic interview with you to define your problems, issues, concerns. Don’t make it too hard until he develops skills in asking good, useful open ended questions.

The very best product demonstrations reflect your rep’s in-depth understanding of the prospect’s application, current problems, cost of the problems, the prospect’s fears, concerns and desires. The preferred presentation content focuses on product and systems features, what function that feature performs and how that function addresses the specific, unique concerns of the prospect. Feature-Function-Benefit!

17. Website Enhancements (PBT 32)

Website “Form Fills” are extremely important. You should encourage visitors to fill one out on every one of your landing pages. Chatrhub.com “pop up” asks “How can I help you?” This pop-up step increases form fills by 6 to 10 times. The *Chatrhub* texter can interact to schedule appointments and answer general questions or text directly with your employees. All conversations are logged, stored and added to the dealer’s CRM for future reference.

I was amazed to learn that the transaction close rate on completed form fills is about 50%. This is big. The system sends a thank you for your interest and this alerts sales reps (or parts manager or rental manager) to call and respond. There is an extremely high conversion rate if you respond to this “active interest” lead immediately. Automation makes this possible. It enables the dealership to continue repeated engagement until the prospect is ready to purchase.

Based on research, over 75% of people who say they intend to purchase will purchase new and used equipment in the next 12 months. The sales rep’s personal active focus on such a lead exponentially drops with each passing week. The sales rep loses interest, becomes disengaged and goes elsewhere. As a result, more than 50%-75% of the sales opportunities are lost to competitors. What is the corrective action?

Embedded Artificial Intelligence with automation is the vehicle to lock in the sale efficiently and inexpensively at the dealership by maintaining repeated engagement until the customer is ready to buy and requires sale rep assistance.

18. Web Site Visitors (PBT 31)

Identifying and capturing “active interest” in your products and services by monitoring your visitors is the cutting edge in lead generating activities for your dealership. Monitoring visitors is best done through an embedded AI application.

Your web visitors go to the pages relevant to their area of interest. If they click on “service,” you know service is what they need. It’s the same sort of intent for new or used machinery models. Today, more than 90-95% of purchasers (customers and prospects) will investigate a potential vendor’s website before contacting a supplier. It is now possible and economical to monitor your web visitor activity. But you need the visitor’s E-Mail address to do this. AI captures the E-Mail and helps identify the visitor contact on your website landing page. You can also identify both their past and future interest areas from this E-Mail identity.

If you do not have the visitor’s E-Mail, you can still identify the person through a call verification program. Because everyone who comes to your web site has a URL and geographic location, it is possible to identify other employees in this visitor’s company at that location. They can be called to determine who in their organization is responsible for new or used equipment purchases, service, etc. This will help identify “who” specifically from that company clicked on, e.g., “service,” for example.

The objective is to provide

- a) High potential.
- b) Active interest.
- c) Scored sales opportunities for your sales team.

19. Referrals (PBT 167)

Referrals are the **GOLDEN TICKET** to machinery sales success. With referred leads, it’s easier to set appointments and have productive business discussions because a level of trust is already established.

Referrals are also the one lead generating tool where smaller dealerships have the advantage over the big ones. Of all lead generating activities, referrals are the most likely to lead to new business. When your sales rep enters a deal with a referral, your current customer is saying he/she can be TRUSTED and will not waste your time.

20. Competitive Crush Program (AE 238)

Competitive Intelligence is closely linked to your overall marketing and sales success. And, the very best competitive intelligence is gained through listening to the voice of the customer. Of course, you need technical information about your competitors’ products. This is normally available from your manufacturer or competitive brochures.

However, the essential *Competitive Intelligence* we recommend you develop is related to customer perceptions about you versus your competitors. This technique is called *Competitive Benchmarking* and should be done at least every three years. Good sources include local market research companies or even your local University’s Marketing Department.

A very important, but seldom used, application of *Competitive Intelligence* is to identify which competitive dealer(s) in your market area have the weakest Product Support performance. This crucial information is the key to a “*competitive crush*” strategy targeting their end user accounts.

A focused campaign to promote your own strong service and parts support, especially if you offer all makes of parts, would be extremely attractive to these competitive users. By using this

“back door” sales approach, you can build relationships that are not based on *price*.

Ask me for a competitive intelligence survey questionnaire. walt@mcdonaldgroupinc.com

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Over the years I have had opportunity to visit hundreds of dealers during my research to identify best practices in each machinery dealer revenue center. Leading equipment manufacturers contracted with me to build dealer management workshops in service, parts, rentals, used machinery sales and machinery sales and sales management.

As you reflect on these “20 Essentials of a Growing Machinery Market Share Dealer, I would like you to keep one thing in mind. The most common, universal characteristic of the most successful dealers I visited was a very high level of comradery and esprit d ’corps amongst the Revenue Center Managers. They were not just focused on their own “silo.” They worked well together, communicated effectively and were proactive in ensuring the success of their entire enterprise. They skillfully executed a comprehensive business plan that included every aspect of the business and went beyond just financial information. And, these organizations established goals that were closely and carefully aligned with the business, motivating appropriate actions by employees.

Key to abbreviations of the textbooks mention in this article:

- STO** *Strategies, Tactics, Operations for Achieving Dealer Excellence*
- AE** *Achieving Excellence in Dealer/Distributor Performance*
- PBT** *25 Profit Building Tools for Machinery Dealers*

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