

# Strategic Thinking for Dealers

By Walter J. McDonald

So, what is this thing called “strategy”?

strategy [<Greek stratēgos, generalship>]

**STRATEGY** answers the question where and how does “the general” (dealer ownership) position their scarce and costly resources? Your overall Strategy includes the fundamental set of decisions that must be made and made properly for the dealership to survive and prosper.

*A Proper Strategy enables the Dealer to achieve business objectives with greatest efficiency at the least amount of cost.*

Strategy includes a complete picture of exactly how you would make the best use of your resources to achieve your goals. How should you position your “big guns”? An effective Strategy must also include well-orchestrated Tactics and competently executed Operations.



In order to structure a successful Dealer Development Strategy, six critical questions must be answered.

## Strategy Development

1. What products in which markets/customer segments?
  2. What management leadership roles and structure?
  3. What sales and marketing investments?
  4. What product support investment?
  5. What information technology investment?
  6. What succession plan/growth/exit strategy?
- The most critical information required for Strategic Thinking is knowledge about customers.
  - A really successful business is not determined by you (or your manufacturer). The really successful businesses are created by customers.
  - Strategy is defined as the way in which a Dealer endeavors to differentiate himself positively from competitors, utilizing his relative strengths to better satisfy customer needs.
  - A good strategist learns the mind of the customer as well as the technical details of the product or service application.

- What does the prospect really want to achieve? How can you help him save time or increase productivity or improve safety or reduce cost with your dealership's products and services?
- The more you know about your prospective customers' needs, the easier it is to build an appropriate business strategy.

Customers determine the successful strategy and greatly define a successful dealership

Then, **implementation** of your Strategy requires appropriate Tactics and Operations:

## TACTICS

Tactics is the proper utilization of the right resources at the right time.

Can you utilize apprentice service labor to reduce your average wages and benefits? Can you enhance service diagnostic procedures and service truck inventory so technicians arrive at job site with right part 98% of the time, first trip? How much would this save in technician time and gain in customer satisfaction?



Can you use digital marketing to produce leads and reduce marketing cost? Can you employ inside sales to help develop sales leads? Can you utilize Human Capital Management software to reduce administrative costs?

Can you better utilize CRM (Customer Relationship Management) software to enhance cross-selling in major accounts to the benefit of all dealer Revenue Centers? Can you employ telematics capabilities to help customers reduce and control maintenance costs?

## OPERATIONS

Operations is the skillful execution of each aspect of the overall plan. Can your sales reps make an intelligent presentation on your product support capabilities? Is your parts manager fully utilizing your parts software and stock status report?

Can your technicians conduct proper diagnostic procedures for electronic or hydraulic components? Can your parts employees identify parts and up-sell telephone customers? Can your rental manager monitor and control utilization and maintenance cost as percent of rental revenue by unit?

**Here is a brilliant, real-life example of successful Strategic Thinking for Dealers that still stands as a tribute today to its creator:**

**John W. (Bill) Pullen** was President and CEO of Wayne Supply Company from 1985 to 2005. Wayne Supply is consistently ranked as one of the top Caterpillar dealerships in the country and is one of the few CAT dealerships in business for more than 100 years. In 2010 Wayne Supply merged with Boyd Company, LLC.

At the 2003 Associated Equipment Distributors (AED) Annual Meeting in Phoenix, Bill Pullen gave us some insight in to the Strategic Thinking that drove Wayne Supply's success.

Bill said that his company *raised the level of aftermarket product support to such a high degree that it formed a protective barrier around their customers*. Wayne Supply Customers are completely protected within this enclave and competitors are blocked from taking them away.

This incredibly insightful Strategic Thinking means that aftermarket product support, parts and service, can establish inseparable relationship bonds with customers that are almost impossible to break. Wayne Supply's robust, exemplary Product Support drives machinery purchases from very satisfied customers.

In 2010, Monty L Boyd, Chairman of Boyd Company said they "are making every effort... to provide the highest level of quality service, parts and equipment that our customers have learned to expect." And, as of 2021, Bill Pullen's original core strategy is still alive and well!

Where are you today in developing your own Strategic Thinking for your business? If you would like some fresh, new perspectives, look into our distance learning [\*\*Executive Program in Machinery Dealer Development.\*\*](#)

For additional deals contact me at:

[Walt@mcdonaldgroupinc.com](mailto:Walt@mcdonaldgroupinc.com). We offer curriculum tracks for Dealer Managers and Executives and, OEM Regional Managers and OEM Dealer Contact Personnel. This distance learning program is based on my very popular *Asset and Revenue Center Management Workshop* conducted for dealers all over the world.

My textbook, *Strategies, Tactics, Operations for Achieving Dealer Excellence* is on sale now on our website: <https://mcdonaldgroupinc.com/masters-program>.

