

Preventing Unexpected Downtime!

Maybe the largest lost source of
Revenue/Profit/Customer Loyalty in Dealerships
By Donald Green

What one additional action by dealerships could significantly reduce *Unexpected Downtime* for machinery customers, with the potential to increase business at minimal cost?

A Dealer's success story -- While visiting a good friend and fishing buddy in Corpus Christi, Texas, he gave me an amazing market share statistic. He had over 60% market share with Doosan Lift Trucks against competitors like Toyota, Hyster and Cat. Unheard of, right?

In our conversation, he told me his path to successfully reducing customer downtime. My friend was a Cat dealer's Branch Manager when they changed ownership. He was offered the Doosan Lift Truck line and decided to start his own business, representing Doosan in the market. Using what he had learned as Branch Manager, he bucked the trend and didn't hire a salesperson. His first step was selling **service** to customers *himself* – and also designated a **PM-only technician** who would sell second segment repairs to his customers.

With this strategy, he built his business and sold more Doosan Forklifts the first six months of having the Doosan line than the previous dealer did in five years. And, this program worked so well, his customers talked about his service capabilities to people they knew, spreading the news like wildfire. He had to hire more technicians to keep up with the demand. He also found when his customers were in the market for a new lift truck, **they came to him, knowing he would keep their fleets running.**

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This new business was driven by his excellent reputation for *minimizing* Unexpected Downtime. Again, selling Second Segment repairs addressed head-on the typical customer's biggest concern – **Unexpected Downtime!** I consider this a real success story.

One of the largest contractors in Texas told me his cost of downtime is \$200,000/hour. **Do your customers know their cost of downtime?** Perhaps not, but they do know they want to eliminate unscheduled downtime. Is your dealership prepared to help them? Who in your dealership sees and can spot potential downtime issues? Of course, it's your **Technicians!**

Questions to consider: How are you supporting your customers' efforts to eliminate downtime? Would you like to help your customers with their biggest fear and concern? I'm betting you would!

Here is my challenge for you. Go to your next shop safety meeting and ask this question:

"Who likes to sell?" -- Notice the reaction. Most just want to crawl under a machine.

Then ask yourself: Who are my best salesmen? Sales are a result of trust gained, right? Who do your customers trust the most in your dealership? So, who is in the right place at the right time every day to sell downtime eliminating repairs ...***your technicians.***

Something to ponder – How are you doing at selling second segment work? Do you measure it? Possibly. But, if not – remember Lee Iacocca's wise words, "If you don't measure it, you can't control it." Clearly, you need to track second segment work. This is also a good indicator of customer loyalty. If they are buying from you they are not going to another supplier. I'm guessing you want to control revenue/profit/customer loyalty as much as you can.

So, how do you make this happen?

Before training, I found the techs were selling \$1,000-\$8,000 second segment repairs a year. ***After*** training, they typically achieved \$20-40K per year. Some sold \$100K per year. **Why?**

When I asked the tech's how they achieved this increase, most said "No one cared before this training! Now that I know its importance, I will sell PM (or second segment work), if my service manager doesn't bug me to get to the next job so fast."

Some technicians I trained believed their dealership had a philosophy of being a generous benefactor to their customers and would give PM work away, without question. Other technicians I've trained incorrectly believed second segment work was ripping-off the customers.

It was easy to convince those technicians that second segment **IS** a benefit to their customers – ***If done correctly!***

After bringing awareness of second segment work potential to the dealer – showing that training IS of **the utmost importance** and changing the tech's faulty perceptions of second segment work, the potential for additional increased dealer profitability is high.

Customer downtime is a problem that's manageable, don't you agree? Do the math...double-to-triple-digit profit improvement.

Another suggestion -- After you begin measuring PM, pay an incentive to the tech for second segment sales. Some dealers have said "It's their job, I shouldn't have to pay for it."

I say, you have 55% or more gross profit in second segment sales...why not share some of that profit to the person who earned it for you? I've found it is a great tool to award gift cards monthly or quarterly in your safety meetings as an incentive to recognize, reward and remind tech's you care. (Sales commissions are a bad idea for technicians.)

So...What should you do?

1. Measure Second Segment Sales.
2. Train on Second Segment Selling.
3. Provide gift card rewards to technicians who sell Second Segment Work.

I guarantee you will find it's a simple way to increase sales, profits and most importantly – customer satisfaction. **A true WIN-WIN-WIN! For you, your technicians and your customers!!!**

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