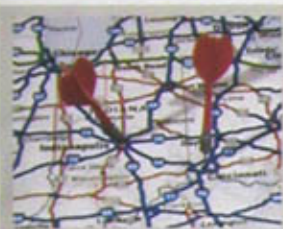


POWERSPORTS BUSINESS

THE FIRST READ OF TODAY'S POWERSPORTS LEADERS

www.powersportsbusiness.com
1-800/848-6247

SEE PAGE 15

It's showtime!

A look at two big upcoming industry events plus the first part of our Nifty Fifty contest.

SEE PAGE 34

PSB: FOCUS It's showtime!



Off-road funds

Key funding for California DMVs suddenly under scrutiny by government.

SEE PAGE 34



EagleRider

Rental company forecasts continues dealership expansion in coming year.

SEE PAGE 43

INSIDE POWERSPORTS

FINANCE:

Technical Institute increases revenue ... PAGE 8

MOTORCYCLE:

Survey: H-D sales up in 4th quarter ... PAGE 28

SNOW:

How to beat the lack-of-snow blues ... PAGE 50

AFTERMARKET:

Pro-One ventures into new segment ... PAGE 52



VICTORY: Polaris' motorcycle nabbs top two ratings in all five categories, the only OEM to do so.

"Personally, I'm a little frustrated we can't reveal more."

Mark Blackwell, vice president Victory Motorcycles and Polaris' international operations

"We're not interested in seeing (J.D. Power public ratings) in our industry."

Bob Mueller, sales development manager American Suzuki Motor Corp.

Should OEM ratings be public?

BY NEIL PASCALE

EDITOR

J.D. Power and Associates' decision to publicize ratings on top motorcycle manufacturers for the first time has drawn mixed reactions from OEMs.

J.D. Power's new buyer satisfaction survey in itself is not new, as several of the industry's large manufacturers have used it over the past nine years to chart their progress against different industry benchmarks.

What is new is the public's access to some of the brand-specific findings. For the first time, consumers could go onto J.D. Power's Web site and see how 10 motorcycle manufacturers performed, according to the new hike buyer, in five areas: product, quality, cost of ownership, sales and service.

Victory and BMW rated the highest in the most categories, with Polaris' motorcycles rating "among the best" or "better than most" in all five categories. BMW rated "among the best" or "better than most" in four categories. Suzuki was the only other OEM to have the top two ratings in at least three categories.

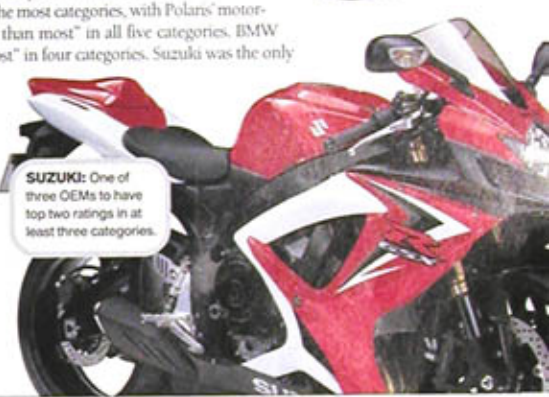
J.D. Power and Associates officials said they notified OEMs last spring they were making a change in the distribution of the survey's findings. Their reasoning, to spur improvement in the marks and ultimately, consumer satisfaction.

"We've basically found that satisfaction in this industry has not really improved since we've started doing this report," Tim Fox, a research supervisor for J.D. Power and Associates, told *Powersports Business*.

See J.D. Power, Page 4



BMW: BMW captures top two ratings in four of the five categories, including "among the best" in sales.



SUZUKI: One of three OEMs to have top two ratings in at least three categories.

An uncomfortable but necessary subject

Product liability insurance: How much is enough?

BY MATT BOLCH

CONTRIBUTING WRITER

Which would you rather do: talk about product liability insurance with your suppliers and fellow dealers or give your adolescent children "the talk" about the birds and the bees?

Many powersports dealers and OEMs apparently find the former

discussion as uncomfortable as that rite-of-passage talk.

The influx of imported products, particularly from Asia, has brought the product liability issue to the front burner. While many dealers have signed agreements with major OEMs for years that include product liability language, the proliferation of these niche products into the market has raised new questions about how much product liability is enough as retailers look to expand revenue streams and profit margins.

Several OEMs declined to be interviewed for this article or insisted on talking in broad terms without being named. But this discussion is one that must take place in the open to help ensure coverages are adequate and that each party is adequately protected.

Because in recreational retail-

See Insurance, Page 5

>>>PSB EXCLUSIVE

Mark Kennedy, just six months into his new job as Triumph (America) CEO, provides an in-depth look at the British company, including its aggressive sales goals and planned dealer network growth.

SEE PAGE 38 for the Powersports Business interview with Kennedy.



MARK KENNEDY

HOTNEWS

America's PowerSports names new CEO

America's PowerSports, one of the nation's largest powersports dealer organizations, has hired a veteran of the automotive industry as its new CEO.

James "Jim" Bower became the group's CEO effective Jan. 2, the company announced in a press release. Bower was most recently an executive for **Sonic Automotive**, one of the nation's largest automotive retailers with 173 franchises. Bower was vice president of the company's Texas region where he oversaw 25 stores that generated \$2 billion in annual revenue.

APS, which generates annual

sales of more than \$200 million, owns 18 dealerships in nine states.

"We've been on a steady and profitable growth curve since this company was founded in 1998," APS Director **Nathan Brown** said in a prepared statement, "and we're confident that Jim can continue — and even accelerate — that growth."

"He brings a lot to the party with his strong operations background and his understanding of the dealer business. His experience on the auto side will be invaluable."

Bower will fill the role that was initially vacated when APS founder **Clark Vitulli** left the company last March. At that time, the company said Vitulli's role as president and CEO would be split between two parties, **Dennis Bookshester**.

See Hot News, 7

#BXNHGRY***** AUTO** SCH 3-DIGIT 950
#939500AG2018E009# PWSB 247



FRAN OHAGAN 0003
PIED PIPER MGMT CO LLC 80114
STE 201
505 LIGHTHOUSE AVE
PACIFIC GROVE CA 93950-2750

GUEST COLUMNIST

Focus on prospects, not just sales customers

The U.S. motorcycle industry is all about fun, freedom and a completely discretionary purchase. So why doesn't a customer's motorcycle-buying experience reflect the fact that the dealership needs the customer far more than the customer needs the motorcycle?

Why does it often seem like other businesses value our patronage much more than the typical motorcycle dealership values it?

Think of your buying experience at Starbucks, Nordstrom, Fry's Electronics, In-N-Out Burger, Disney, Blockbuster or Subway.

But, you say, we know our customers, and treat them well. That may be true, and repeat customers are at the core of nearly any successful business. But what about your future customers? Let's call them "prospects." They're the ones who visit, but don't make a purchase at your dealership.

Many dealerships are so focused on customers who buy that they neglect the customers who have not yet bought.

What's the problem? Let's call it a problem of alignment, or more accurately, misalignment. Give an owner a chance to interact with a prospect, and the owner's goal is for the prospect to buy. But if they aren't going to buy today, the owner wants them to leave as a fan of the store, understanding that they will be back, and that they also will tell their friends about the store.

On the other hand, what is a salesperson's attitude toward someone who is "just looking



FRAN O'HAGAN

around?" Many times the salesperson sizes up the prospect to determine whether they will generate a commission to help the salesperson make next month's rent payment. If not, then the salesperson begins looking for another prospect who will.

It's a case of misalignment between the goals and attitudes of an owner and the goals and attitudes of a salesperson.

IMPROVING PROSPECT SATISFACTION

Most of you already embrace the importance of driving showroom traffic through advertising or events. Many of you even measure "ups," and then calculate closing ratios to see how effective your sales staff is in selling to prospects who walk through the door. It's just as important to understand what happens in between the time when the prospect walks through the door and the time when they decide whether to buy or not to buy, or whether to visit your dealership again or whether to recommend your dealership to their friends.

To maximize prospect satisfaction, measure it through an ongoing mystery shopping program, (you've heard the saying, "If you measure it, it will change"), or at least by monitoring how your dealership treats first-time shoppers. Make sure your dealership has a formal system in place to greet and follow up with every customer who walks through the door. If you do

not, some prospects will fall through the cracks because no one will take responsibility for them.

Recognize the job of everyone at your dealership is to make each prospect feel like they are the most important person to walk through the doors that day. Copy the luxury hotel chains, such as Ritz-Carlton or Four Seasons, by implementing a 10/50 rule: If an employee walks within 10 feet of a customer — any customer — greet them. And if an employee walks within 50 feet of a customer, look and smile at them, giving them a chance to summon your help if they need it. Does it matter if your role at the dealership is the owner, or someone who sweeps the floor? Not one bit. At Disney World the people who carry the brooms and dustpans are trained first and foremost in answering questions and helping patrons of the park.

WHAT'S AT STAKE

So what's most important for turning a prospect into a customer? Without question it's your sales process. Do your salespeople automatically gather contact information and then follow up after a prospect visits? Do they remember to give prospects reasons to buy from this dealership rather than another one? Do they always remember to mention financing or service contracts, or the availability of accessories? Do they always ask for the sale? Many do not. The only way we have found to encourage a sales team to consistently follow a prescribed sales process is to continually measure how prospects are being treated by the sales team.

How much improvement is possible? One motor vehicle brand found only 21 percent of their dealerships hit their nationwide prospect satisfaction target of 92 percent. After one year of measuring prospect satisfaction, posting the results and rewarding superior salesperson scores, 60 percent of their dealerships consistently hit the 92 percent target. There are plenty of other examples, too.

Typically, fewer than 40 percent of salespeople provide prospects with compelling reasons for doing business with their dealership — instead they sell only the product. For specific dealerships, we have seen that percentage climb to nearly 100 percent after implementation of mystery shopping to drive up prospect satisfaction.

With a focus on driving not just customer satisfaction, but also prospect satisfaction, hopefully in the future we will hear motorcycle dealerships and motorcycle brands mentioned as examples of a superior buying experience. We will then acknowledge that U.S. motorcycle buyers really don't need a motorcycle anymore than coffee buyers need a \$4 cup of coffee. But with the right approach, we will attract and sell to even more motorcycle prospects, not just because of the products, but also because of the buying experience. **PSB**

Fran O'Hagan is president of Pied Piper Management Company LLC, a California-based company that runs mystery shopping programs for motor vehicle clients. O'Hagan is also a longtime motorcycling enthusiast.