



Pressure Makes Diamonds

Growing Sales in a Declining Market

Dealer Institute Vision, Mission, and Value Proposition

Our Vision:

- To be the trusted advisor and first choice for business strategy, leadership and employee development in the equipment industry.

Our Mission:

- To help our customers achieve operational excellence and long-term success.

Our Value Proposition:

- Developing people to grow your business.

Introduction



- 30+ years in the equipment industry
- Former CEO of 19 store John Deere Dealership
- Experience in agriculture, construction and OPE
- Working with NAEDA as a training consultant in all aspects of dealership management and continuous improvement

Challenges

- Industry facing post-COVID inventory challenges
- Used equipment values higher than ever
- Buyers' pool shrinking
- Question: How do we “drought-proof” dealerships?

Core Principles

- Cash is King
- Evaluate your Team
- Know Your Area of Responsibility (AOR)
- Lean into Aftermarket
- Just Because We Can, Doesn't Mean We Should
- Face the Storm Head On

Cash is King

- Businesses fail due to cash shortages, not lack of profit
- Key considerations:
 - Repayment terms
 - Interest rates (fixed or floating)
 - Credit security
 - Number of facilities managed
- Weigh opportunity cost of paying cash vs. using terms

Managing Cash Flow

- Take cash discounts only when strategic
- Use terms to preserve liquidity
- Example:
 - Pre-sold product → use cash discount to win deals
 - Unsold inventory → use terms to protect cash

Evaluate your Team

- Have you developed the right culture?
 - Departments working together
 - Investing in personal development
- Do you have the right team?
 - Do they fit my culture?
 - Do they want the business to succeed?
- Do you have the right people in the right seats?
 - Do you have salespeople that aren't salespeople?
- Do you have too many or too few?

Know Your AOR

- Foundation for success
- Key questions:
 - How many customers?
 - Machine population & product mix
 - Acres and industries served
 - Competitor presence
 - Market potential
- Guides staffing, inventory, and facility decisions

Lean into Aftermarket

- Focus on absorption
- Ensure we “right size” parts inventory
 - Cash is King
 - Reduce zero sales
 - Review # of SKU’s in inventory
 - Utilize return programs when possible
 - Recover parts freight on special orders
- Using service to gain non-traditional customers
 - Target off brand customers with specific offerings
- Incentives for parts and service staff for sales leads

Just Because We Can, Doesn't Mean We Should

- Sales temptation: Don't oversell new and buy risky trades
- Understand key KPIs:
 - Washout cycles
 - Used turns (R12)
 - Inventory-to-sales ratio
 - Days in inventory
 - Aged inventory levels

Example: Used Combine Sales

- Avg. annual used sales: 40
- Carried-in inventory: 5
- Washout cycle: 4
- Formula: $(40 - 5) \div 4 = 9$ new sales target
- Outcome: balances inventory, prevents overstock risk

Facing the Storm Head On

- Manage proactively, not reactively
- Strategies:
 - Curb new sales early to manage used levels
 - Treat trades as future sales, not just deal facilitators
 - Protect cash at all costs
 - Push back on supplier overstock demands
 - Sell new off empty shelf/other lots when possible

Final Thoughts

- New sales = important growth tool, but not sole driver
- Success requires:
 - Data-driven decisions
 - Strategic risk-taking
 - Long-term focus on profitability
- ***When in doubt, err on the side of caution.***

QUESTIONS?