



# Know when to fold 'em

By TRENT HUMMEL

"I just don't know what to do."

This is a common comment from the calls we are receiving. These calls come from department managers, salespeople, branch managers, dealer principals – every position in the store. The underlying message – they are just lost on what to do next. It is a feeling of being overwhelmed, having no plan, no direction, no clue about what a good decision is.

Many of you may have read comments I submitted to *Rural Lifestyle Dealer* magazine about skills within a dealership. Following is what I wrote to Lynn Marcinkowski Woolf, editor of the magazine, which recently conducted its *Dealer Business Trends & Outlook* report:

*"The rural lifestyle industry is moving ahead and, with that, the sizes of dealerships are growing. The business of running a dealership is becoming more complicated as rural equipment manufacturers are now offering high horsepower tractors, construction and hay tools. The management of people and processes are also changing.*

*"Many owners are not able to keep their dealership ahead of the curve. This has nothing to do with age, but more to do with skill sets. This frustrates manufacturers, business partners, employees and, ultimately, customers."*

The customers I was referring to are those who will find a dealership that can meet their needs of today and tomorrow.

*"What is a gentle way to tell an owner that his skill set is not to the level needed to keep a dealership moving ahead? Dealer principals are working themselves into failure without realizing it, resulting in losing many years of equity building. It's similar to putting a lobster in cold water and then turning on the heat."*

**In other words, they do not know it's over until it is too late.**

While *Rural Lifestyle Dealer* magazine serves equipment dealers who sell "to everyone from hobby farmers to estate owners to landscape contractors and municipalities," you could change a few of the words I wrote to the magazine and they would be relevant to the farm equipment industry. In every dealership of any brand or size, the people, processes and products are getting more complicated to manage.

As noted, our calls come from everyone in the store. It does not seem to matter what role an individual is in, whether it's the department manager, branch manager, salespeople, or parts/service technicians, they're all struggling. No doubt it is getting harder to do the job. Improved skill sets and knowledge are required at every level just to manage day-to-day tasks. More is needed to becoming proactive in their duties.

## Generational progress is necessary

As my Dad has always said, every generation has to know more than the prior generation. Imagine a farm operation with 1990's practices. We all know of farms using "old practices" but are those farms moving ahead? They can grow a crop and make money on mortgage free land but they are not expanding. Often, we wish they would sell or rent their land to someone who is moving ahead. Our dealerships are built on customers who buy our products and services on a repeat basis.

You might be wondering how we respond when we get these calls. To say the least, these are difficult conversations. A number of times we are only a sounding board. They know the answer. Their career in their current role is over.

This does not mean they have to leave the company. Often, another position is being created that does fit their skills. This new position is being created for the same rea-



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## What is a gentle way to tell an owner that his skill set is not to the level needed to keep a dealership moving ahead?

sons their current role has become too complicated for them. As we change the processes to meet growth, we create positions. We cannot deny that many of these individuals have years of valuable experience that cannot be replaced with a new hire.

What do we say to the individual who believes they can do the job? Remember, they did say, "I just don't know what to do." But they only meant they do not know what to do today or with a particular issue. What they don't realize is the issue is common and simple in today's business environment. If they need help on this issue, it's clear they are in the wrong position.

Some of these employees are in the right positions but have never had the training or mentoring to do the job to today's standards. They are capable but the dealership will not train them nor do they have the ability to coach them on how to be successful.

Their supervisors are the reason they cannot get the job done. Guess who blames the individual for not doing his or her job, their supervisor. Studies show, the number one reason an employee leaves a company is because of their direct supervisor. This is all starting to make a little sense.

We could not begin to list the number of times a dealership employee has indicated that the training is good but the owner is not going to let them do anything with this training. Attending training was a requirement of the manufacturer's dealer standards program but implementation is out of the question. Now what?

**This is an eggshell walk when informing senior management or principals that they're the reason for high staff turnover or poor results.** Some manufacturers have been walking in the front door with the message, "Get out of business." This is usually met with a fight. Other manufacturers are not as forward but the writing has been put on the wall. For whatever reason, the manufacturer wants change.

### Reality check

In the case of my Dad's store, it was well-run and had high market share and low used inventories. The bills were always paid and the dealership had a solid team of long-term and experienced employees. Case IH indicated it wanted Dad to cash out to a large complex. He resisted for a short time but the reality of knowing where he stood with a manufacturer made cashing out the plan of the future.

His last call to Case IH dealer development went as follows:

**Dad:** "The large complexes that you are letting come together will not be able to service the customer as well as the owner operated stores."

**Dealer Development:** "We know that concern but we are going in the large complex direction."

**Dad:** "What happens if a large complex fails? With the amount of capital required to start a store and the minimal return, where will you find people willing to invest and operate locations?"

**Dealer Development:** "We know that concern but we are going in the large complex direction."

There was no need to ask any more questions. The next call was to Rocky Mountain Dealerships, Inc.

In the store my partners and I were operating, we had a decision to make. At the time, all operating partners were in their 30s. We were seasoned and successful in this industry. Our manufacturer wanted us to take on other locations.

This was a reasonable and natural request. Near us, there were some owners aging out, some struggling financially and some underperforming. The manufacturer thought the plan was in place to get the complex started and it was willing to help.

What the manufacturer did not realize is we did not want to expand. We were not interested in risking our capital, we did not have the bench strength to operate another location and we did not have expansion on our horizon at all. Where did that leave our relationship with the manufacturer?

It was a shake-up time for us. They had plans we didn't see coming. We were not going to go along with their plans. Would they find someone to go along with their plans? We knew of many instances where dealers chose another path and the manufacturers made their lives miserable. This is not always the case but a manufacturer can wield a big stick.

Every state has dealer protection laws but no matter what the law states, if the dealer and manufacturer are going in different directions, the relationship will start to crumble. It is like trying to keep a girlfriend who doesn't like you anymore. It might work for a while but it's essentially over.

Being in the position of a potentially crumbling relationship, not wanting to expand and not following the plan, cashing out was our logical and financially beneficial option. More to come on cashing out in the next issue because, at least for some of us, it's just good business. **WED**

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