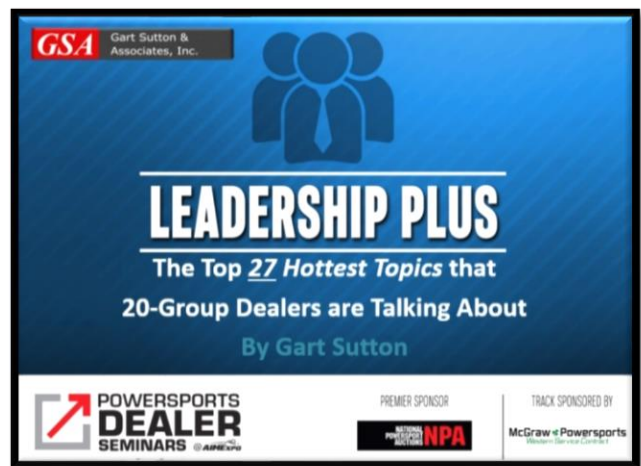


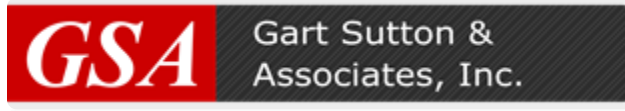


## AIMEXPO LAS VEGAS WORKSHOP AUDIENCE NOTES

October 12, 2018

1. Changing demographics
  - Younger audience
  - Used to see larger cc customers
  - UTVs with some younger buyers
  - Working payments...due to a younger buyer...87% of Americans are payment buyers.
  - Aging demographics
2. Next evolution...Powersport shift
  - Electric
  - Slingshot...Spider-type emerging products
  - Smaller bikes...friendlier bikes
  - Affordable
  - Pre-owned bikes
  - Build your own machine
  - SxS
  - Adventure
  - Life-experience driven
3. Competing with online
  - Create an experience
  - Get to know the customers wants and needs
  - Build relationships
  - Get online...improve online attraction
4. Is brick & mortar dead?
  - Can be...however, even Amazon is opening a retail outlet and they bought Whole Foods brick & mortar...
  - Got to make the experience alive
  - This is where the customer gets an experience...find out what they are there for and let them tell their story.
  - We have to RAISE the quality of experience.
5. Forecasting the future
  - Payday falls on certain days and customers have discretionary income
  - Create events so you can predict sales increases...Customer Appreciation Day...it has history
  - Seasonal anticipations
  - Figure out where your GP is coming from...does it come from Parts? Service? Not necessarily focusing on just unit sales but seasonality and other department are factors in forecasting.





- Pay attention to external factors? Election year? Local economy.
6. Finding technicians
- We compete directly with the automotive industry. Challenge our 70% margin and step up to pay techs more? \$100,000?? Really? What would you do to compete if your store was in Midland, Texas and kids are earning six-figures? You have to step up or you won't have exceptional employees.
  - Career paths...start-up jobs that move to something significant...over time if they stay with the dealership they can move up the slot. This keeps them goal-driven and should help retention.
  - Specialize in engine...transmissions...etc. Have techs move progressively through the different mechanical expertise to keep them engaged and interested.
  - Put top salespeople off-season in the Service department writing ROs
  - Flat rate and hourly combination
7. Transactional analysis
- Not much floor traffic anymore
  - Dealers recognize they have plenty of transactions in their P&A and Service department.
  - Benchmarks: For every 30 transactions you better be selling 1 major unit. Many metric stores can achieve 15 transactions per major unit sold.
8. New products / brands
- Electric
  - Low cost, entry level products
  - Kids bikes
  - Accessories, apparel
  - High-tech helmets
  - Diagnostic detectors for intermittent problems; or reminders of upcoming service
9. Accessorizing
- GPS tracking devise...alerts when battery getting low
  - LEDs
  - Audio systems...Pro Box...multiple kits
  - Lot attendants do installations...porters...easy stuff to do...
  - Part timers – installers
  - Zip-ties
10. Obsolescence
- 12 months or more
  - Benchmark: 20% or less
  - Return policies need to be liberal to compete with online
  - Pricing different from in-store vs. online
  - Obsolescence tied into Parts compensation
  - Open-to-Buy solutions



- Cycle counting awareness
- 11. Recruitment
  - Anywhere you shop or spend money
  - Customers
  - "Recruitment Manager" business cards
  - Hired a baker who now brings in cakes and cookies for our customers...
- 12. \$15/hour minimum wage
  - We need to do a better job of looking at the margins...the way we do business...
  - Better controls with safeguard that we can pay more.
- 13. Employee benefits
  - Does it help retention?
  - Is it necessary?
  - Review annually your benefits...look for competitive savings.
- 14. Lead generation
  - CRM
  - Chat on websites
  - Trade-in tools; Value My Trade
  - Salespeople get budgets for Facebook ads
  - Rollick: Pulling leads from other industry sources like hunting magazines...you only pay for the quality leads
  - Website
  - Cycle Trader
  - Auto Trader (cost-per-lead is good value)
  - Craig's List
  - OE leads
- 15. Lending sources
  - OEM
  - Credit unions
  - Central and local banks
  - Secondary lenders...*First Franklin*
  - In-house financing...layaway
  - MotoLease
- 16. Sales Process
  - Do you have one?
  - Is it in writing?
  - Do you have frequent training?
  - Do you have Sales job aids?
- 17. Price Specialists vs. Product Specialists
  - Different skill sets?

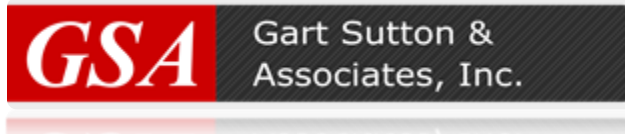
**The Top 27 Hottest Topics that 20-Group Dealers are Talking About**

...and which ones you can't overlook to stay successful in today's business climate.

POWERSPORTS DEALER

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18. Customer Path
  - Is this a way to go for you?
  - Take the customer on a tour
  - Some dealers start with the customer tour
  - Poker Runs with customers pulling playing card in each department...win prize
19. Demos
  - Mental ownership happens with demos
  - It enhances volume and gross
  - Creates excitement and value
20. Business Development Centers (BDCs)
  - Call Centers
  - Different skill sets for online and phone
  - Very expensive...requires discipline...tight management
21. Pay plans
  - Pay off of each department's operating profit; department's GP less department's operating expenses; pay the % that is adequate for your local cost-of-living standards
22. Training avenues
  - Joe Verde
  - Word tracks
  - Be careful of claims of instant improvements
23. Sweet spots for right-sizing
  - Know benchmarks...below the benchmark...divide the benchmark by the GP you are achieving, and it becomes your new sales goal...look at what part of your business is hurting
  - Clean up your accounting and join a 20-Club
24. Price tags on major units
  - Payments
  - Job aids for the sales staff
  - Accessories
25. DMS choices
  - Lightspeed Evo: Big improvement; pricy
  - DX1: Built on QuickBooks platform; added industry's standardized accounting
  - Lizzy: Friendly; inexpensive
26. How many days a week to be open
  - Depends on staffing requirements...requires changed when you are open 6-days a week.
  - Depends on competition
27. Customer reward programs
  - Losing some of its appeal...hard to manage...can get very costly