

Business Management Training & Tools

By Tom Junge, Iowa Field Director

Recently, the Association staff met with John Spader, Dan Westegaard and Steve Nelson of Spader Business Management to review their involvement with I-NEDA members and farm equipment dealers in general. Like many dealers, when I hear the word Spader, I think of 20 groups. During our meeting, John not only reminded me of some high impact workshops Spader conducts, he also explained a couple services I found intriguing – especially considering past experiences I've had with dealers regarding financial statements, performance and trends. Here's a brief look at some Spader services...

Retail Financial Trends

The first service is called Retail Financial Trends. On a monthly basis, Spader publishes information collected from hundreds of businesses across the United States and Canada. This information is then broken-down based on industry and overall business sales volume groupings. The depth of the breakdowns varies depending on the number of participating dealers.

Dealers can compare their financials not only with the average of all dealers surveyed, but the 20 percent most profitable and the 20 percent least profitable dealers as well. Comparison data can consist of total company sales; sales and gross margins by department; sales and gross margins by type of unit; inventory levels for new and used products; personnel costs; advertising spending; floorplan interest expense; variable and fixed expenses; and net profit.

Instead of me providing generalized information about the current sales activity and dealer performance in the area on my dealer calls, this service will answer member questions quantitatively and in a timely manner. Dealers will see for themselves the trends for sales, inventory and margins, and how they compare.

Currently, the financial data collected comes primarily from 20 Group participants. To increase the value of this service, Spader Business Management needs more dealers to subscribe and submit their financials. For instance, if more dealers from Iowa and Nebraska subscribed to this service, more details could be provided and the data could be broken down into more levels.

The investment for the Retail Finance Trends service is \$1,200 a year. Dealers who submit their information on a monthly basis receive a 50 percent discount.

Management Link Consulting

Another service provided by Spader is Management Link Consulting. This service decodes the mysteries in financial statements and the secrets necessary to plan for profitability. Management Link helps businesses reinterpret what their income statement is telling them. It improves scorekeeping and accounting to create a customized plan for making daily decisions toward a clear set of goals.

Unlike some consulting firms that come in, make suggestions and leave, this Spader service continues for a minimum of 12 months. First, Spader Business Management reviews the Chart of Accounts and accounting procedures of a business. Then they help the business create an annual profit plan and identify specific financial goals and objectives for the next year.

A Management Link report is generated based on what they see in the financial statements. The report clearly identifies Gross Margins, Key Expense Ratios, Inventory Levels, Collect-able™ Efficiency and other critical measurements by company, department and each activity area. Key areas will be flagged (Red-STOP,

area needs immediate action; Yellow-CAUTION, area needs management before slipping into the red zone; Green-GO, identifying outstanding numbers and where you are outperforming your projections and/or others in the industry). The report and a summary of their findings are sent monthly and followed-up with a monthly conference call. Multi-year comparisons are also available for dealers utilizing the program over an extended period. The investment for the Management Link Consulting service is \$5,995 a year or about \$500/month.

Total Management Workshop

The final Spader item I would like to mention is Total Management Workshop – a program Spader Business Management feels all dealers and departmental managers should participate in. This workshop provides participants with a clear set of principles, processes and tools to steer their companies toward new levels of performance and profitability. Key principals covered include Spader's Profit Power[®] formulas, Spader's industry-specific Five Key Expense Ratios, One Dollar EmPOWERment[®] (the scorecard managers and employees can understand), and how departments can work better together.

COSTLINE[®] pricing and systems for maintaining margins while being competitive will also be covered. In addition, managers will learn about the four key numbers to monitor in a department and how to manage them. Key inventory management principles and systems for large and small ticket inventories will be discussed, along with a process for managing unit trade-ins.

Dealers will also learn about the four personal styles of people, discover their own style and how to work effectively with each style. COSTLINE[®] pay plans for sales, service and parts that create a “win-win” scenario will be presented as well.

The investment for the 4 ½ day Total Management Workshop is \$2,495 for the first attendee; \$2,295 for the second; and \$2,095 for each additional attendee.

What Dealers Are Saying...

Dealers have never been big into management training or asking for professional advice. Maybe that's why they continue to struggle with performance and profitability issues? Get out of this rut and gain a fresh perspective from a group of individuals who have worked with dealers for more than 30 years.

“I attended the workshop not knowing what to expect and left after the week's meetings excited and enthused to change our business,” said Todd Davidson of Osceola Implement & Supply, Inc. in Osceola, Nebraska. “They gave new dimension on seeing my employees and my business in a whole new light.”

For additional information about Spader Business Management programs and services, visit www.spader.com or call (800) 772-3377.