



Success Is Relative...

Failure Is An Absolute!

I recently visited with a very successful multi-store owner. During my time with this dealer, he asked if I had a "benchmark for success." Oddly, that question had never come up before.

After reflecting on it, I've concluded there are different levels of success. The differences relate to the individual owner's philosophy, business acumen, drive and ambition.

Some years ago, Robert Morris & Associates did a study that revealed the "average" dealer sold about \$2.5 million worth of goods. The owner paid himself just under \$60,000 per year, plus business perks like a new bike, and had a net profit of about 2.5%. The dealer in question sells more than \$20 million worth of product and has a 10% net profit — add to that a mid-six-figure salary. And no, he's not a Harley-Davidson dealer. He sells metric bikes through several outlets.

There is another dealer who also sells metric bikes in the same town, but is considerably less profitable. Although he has been in business longer, his sales are less than one fifth of the multi-store dealer's sales. His profit percentage is well under 10%. Why the difference? The second dealer's involvement, philosophy, management skills and ambition are not as clearly defined as they are with the multi-store owner. The small dealership is closed on Monday. The owner is there on occasion, but not every day, and they have almost no rider activity.

However, the reality is that this smaller dealer is very happy with the way things are. He's making more money than he thought he would. He's not interested in expanding or opening more outlets and his life is less stressful than that of the multi-store owner. So what is the true measure of success?

Over the years I've gone to individual dealerships to conduct "tune-ups." Beforehand, I take a close look at the dealer's market. I have a rather comprehensive software package that crunches numbers on such things as the average education, income, housing cost, living costs and recreational activities. It can isolate this data to a specific zip code or groups of codes. I take this data and combine it with the number of other powersports outlets that serve riders in the same zip codes and come up with a target gross dollar volume.

When I tell the dealer about my findings, they are often shocked. Why? My totals are substantially higher than theirs. Rather than the here and now, I'm looking to the future and motivating the dealer to make the necessary changes in order to reach that goal. In several cases I've been contacted, sometimes a year or two later, by a jubilant dealer principal who tells me that he's exceeded the amount I predicted, although he never really thought it was attainable.

Both dealers I've mentioned above are successful. Both principals live comfortable lifestyles. One has more "toys" than the other, but the other isn't into as many toys. Hence, success

is relative. Failure, on the other hand, is an absolute. If you fail and go out of business, that's it. If you are successful by your standards, that's fine. You may not be functioning to your full potential, but few people do.

The difference between these two dealer principals is their desire to put forth the inordinate effort required to live up to their perceived business potential. Some people are driven to succeed and are constantly looking for ways to improve and increase that potential. These people seem to have boundless energy and the ability to make decisions based on long-term goals. They are involved with not only their business, but also in their community. These driven owners spend much of their time planning and visiting with other equally driven folks.

Back when I lived in Stone Mountain, Georgia, and was selling parts to dealers, I visited a Honda store in Marietta, Georgia. Martin Marietta, the aircraft company, was a major employer in the area, and it was undergoing hard times. The local Honda dealer was feeling the pinch and it showed. He ordered little. The store was unkempt. To save money, the dealer literally turned off the lights in the showroom during the day. Business got worse. Finally, the dealership went on the block and was sold to a gospel-singing family from Tennessee.

The new owners turned on the lights, cleaned up the store, bought inventory, began advertising and went to shows. They gave demo rides and took in trades of not only motorcycles but anything of value. Their staff was friendly, outgoing and positive. Within two years, this once ready-to-call-it-quits dealership became Honda's #1 dealer in the state. The difference was not based on the brand, location or local economics. It was based on attitude, business acumen and the drive to be successful.

Success in some brands is a given. Everyone knows that Harley is a success story, and its dealers prosper even though some may not be as focused and aggressive as the competing metric dealers. Some brands require a different approach. I've often wondered why some very large and successful dealers operate in relatively small markets. Now I understand why.

The major difference between a very successful dealer and his competitors is the ability of the dealer principal to think outside the box, to take risks and to admit that he makes mistakes. He also spends his time with other successful businesspeople, not only those in powersports, but those in other industries as well.

If you have great ambition and drive, you may never be satisfied and continue to strive to become bigger, better and more successful than your competitors. What it comes down to is this: Success is not an absolute. You can become as successful as you want and measure it any way that appeals to you. If you're materialistic, your success will be measured in green. If not, you'll measure success to satisfy your own view of it. 🏍️