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DEALER OF THE YEAR -2009 – “Under \$50 Million in Sales” Category

Bonneville and Madison County Implement

Idaho Falls & Rexburg, Idaho

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It may have been a coincidence that as I turned the corner onto Industrial Boulevard in Idaho Falls, Idaho, in May to visit *Farm Equipment's* 2009 Dealership of the Year, that a commercial for the dealership came on a local radio station that was playing in the car. The ad was proclaiming the dealership's high-quality service and advanced technology being built into John Deere's newest equipment.

It may also been a coincidence that as I surveyed this dealer's lot, I saw more green tractors, combines, sprayers and implements than I've seen sitting on a John Deere dealer's lot in 2 years or more. The lot was jam-packed, to say the least.

But it wasn't a coincidence that when I sat down with Dave Teigen, regional manager of Bonneville and Madison County Implement, that he had invited his regional parts manager Shane Wilker, and service manager Andy Valdovinos, to participate in the entire interview.

It's not surprising because Teigen believes it's the people that the dealership has managed to attract that are making the difference in turning around these two stores, that up until 2005, had not been anywhere near living up to their potential.

In 2004, the year Teigen arrived on the scene, the two stores produced only \$18 million in revenue. By 2008, the two locations were approaching \$50 million in sales and had raised their market share from 19.3% in 2003 to 50.6% last year.

In selecting Bonneville and Madison County Implement as *Farm Equipment's* 2009 Dealership of the Year in the \$50 million-and-under category, the judging panel noted that the stores also generated the highest sales per employee — \$877,192 — of all the dealerships nominated for the award this year.

Teigen oversees operation of both stores, which are 25 miles apart, with Bonneville County Implement in Idaho Falls and Madison County in Rexburg, Idaho. They comprise the Idaho region of one of John Deere's larger dealer groups, C & B Operations LLC, which has 16 dealerships in South Dakota, Minnesota, Montana,

Wyoming and Idaho.

Asked about his lot being packed with equipment, Teigen says, “It’s full, but I’m happy to say that the majority of that equipment is sold. Deere wouldn’t let us bring that much equipment in and carry it as inventory.”

Regarding the radio commercial, he explains that it’s just part of the dealership’s aggressive program to increase their machine population in the Idaho region. But he adds that community involvement programs, like its “Caps for Cans, has brought more people into this store than any money we’ve spent on advertising. I’d like to see us do more in this area, to be known and highly regarded in this community. We’re getting there.” (*See: “Caps for Cans: Building Community Involvement” on p.10.*)

Making a Comeback

The fact is, in the intervening years between 1997 when C & B acquired the dealerships and 2004, Bonneville and Madison County Implement had struggled. When Teigen joined the dealership in 2004, he had his work cut out for him, including mending fences with some large, long-time customers

Following the acquisition, the transition to the new ownership was difficult. It wasn’t until the owners re-aligned the management team at the two stores that Bonneville and Madison County Implement began living up to its potential. C & B’s ownership made it clear that the Idaho region needed to adapt to the operational and cultural philosophies that had proven so successful in C & B’s other locations. (*See “The Mission & Vision of C & B Operations” on p. 11.*)

The new management team got the message.

Gary FitzSimmons, store manager at the Madison County location, recalls, “I came down in 2002 and Dave came in 2004. The turnaround that has happened in those few years has been astronomical.”

Turn-Around Strategies

Not only have the total sales of the two stores nearly tripled in 5 years, but so has their market share, which Kent Senf, C & B Operations’ COO, believes is critical to the continued growth of the Idaho region.

“They were struggling,” he says, “but they represented a growth opportunity. We’ve put a lot of resources into the stores because we believe in them.”

The main focus of C & B's investment in Bonneville and Madison County is squarely aimed at building market share. "Our aim is to get the customer base to believe in us and to see how we can support them through our parts and service side of the business. What we need to do is to create long-lasting relationships," Senf says.

Growing the machine population by anticipating customer needs is at the heart of the dealerships' 3-part growth strategy.

"You need enough market population to give you the potential to create absorption," says Senf. "Then you need to be able to work the service and parts-related business to support it and to build customer confidence. Finally, you need to be able turn your assets enough times to get a good return," he says.

Senf emphasizes that market population is the foundation for growing the business. "If you don't have it, it doesn't matter how good your parts and service departments are. Without machines out there, you're never going improve your absorption rate."

He says they're aiming for 100%. "If you have enough population, you can do other things to create even greater value. You can afford to have more techs on the ground, better service equipment and provide more training for more people."

Building Personal Relationships

Getting lost customers back in the fold was the main challenge for both stores and came down to getting the right people in the right place, according to Teigen. Clearly, the new managers needed to focus on people. That approach is paying off in spades.

By 2007, Bonneville and Madison County Implement were able to turn over, what Teigen calls, important "competitive conversions through diligence and personal pride."

Like many areas of the country, agriculture in the southeastern region of Idaho is evolving into one of corporate farming operations. "Our farms are up to 30,000 acres and they demand delivery and service," says Teigen.

Potatoes dominate agriculture in the area, but small grains, barley and commercial hay are also prominent.

Timing, he says, is a major challenge with these operations. "Last year we had an issue getting equipment, so this year we ordered ahead and have some inventory. We're

paying some carrying costs in lieu of the freight costs that we incurred last year, but with our big customers, we have to anticipate their needs.”

More importantly, like most successful businesses-to-business relations, these customers require personal attention. And this is where the dealership believes it has made major inroads.

In at least one case, salesman Doug Johnston participates in the planning sessions of one of the dealership’s largest customers. “Doug sits on their board and he’s involved in all decisions that involve machinery. Yesterday, he sold the customer 3 Gators and a lawn mower. I also get out there every 3-4 weeks and meet with the owner,” says Teigen.

He offers one example of how the dealership has embedded itself into its customers’ business. “Doug kept telling us that we had some accounting issues with his customer. They had several employees buying parts and writing charge tickets. We were having problems reconciling all of their purchases, so we dedicated an accounting person to the account. Now, they have a go-to person for any issues that might arise.

“As it turns out, that’s exactly what they wanted. The next time we sat down with the owner, he began telling us that he’d like us to have one person to call when issues like these arose. I said, ‘That’s funny, because we made that change 2 days ago based on what Doug was telling us.’ He liked the fact that we were tuned into the issue and made the change before he asked for it.”

Big Victories

When Teigen speaks of “conversions,” he’s referring to two major breakthroughs in 2007 where the dealership was able to win major orders from customers that previously bought from a dealer of another color. These demonstrate how far the dealership has come in just 3 years.

One conversion involved getting the business of customer that consisted of:

- 60 row-crop tractors
- 5 combines
- 13 UTVs
- various AMS products.

A second customer conversion involved:

- 8 combines

- 15 tractors
- windrowers
- tillage equipment
- Deere's latest AMS systems.

In an effort to save the business, the competing dealership flew in some of the top brass from its major supplier, but Bonneville and Madison County Implement prevailed.

This also opened the door for the dealership to expand into equipment they had barely touched prior to 2004. According to Teigen, "Since '04, the combine market has exploded for us. We sold maybe two combines a year prior to that. Between the two stores we now sell about 19 a year and have a 70% market share."

In addition, the dealerships have made significant inroads into the commercial sprayer market where their market share in 2008 reached 74.8%.

Employee Development

The rapid sales and market-share growth that Bonneville and Madison County Implement experienced in the past 5 years also brought with it the challenge of developing a staff capable of maintaining the momentum.

The store managers agree that the lifestyle and recreational activities available in Eastern Idaho has helped attract the high-quality employees the dealership looks for. This, along with the religious background of much of the area's population, has contributed to the strong work ethic the company needs to continue growing.

"To be honest," says Teigen, "we've been fortunate to hire what we feel are key, quality people. I always say, 'You can't teach energy,' and when we interview, we look for energetic young people and we've been fortunate to be able to hire those individuals."

From 14 people in 2004, employment at the Idaho Falls location has grown to 32. Combined, the two stores employ 57. At the same time, nearly 75% of their employees today have fewer than 3.5 years of dealership experience. Training and employee development is critical.

"On average, we require that every service tech at each store receives a minimum of 20 hours of training per year," says Senf. "Master technicians might not receive any outside training during the year, but others may get double the hours to allow them to progress quickly. Our goal is have all our service people become master technicians. It

gets back to creating customer confidence — to be the place customers want to do business.”

But the dealership’s commitment to employee development goes beyond technical training. “During employee reviews, we encourage key staff, and others where we see management potential, to tell us what they want or need in terms of skill development,” says Teigen. “The most recent round of reviews indicated that several want to improve their time-management skills. We’re evaluating various programs now to determine which best fit our needs. Our goal is to find at least one course per year per key employee.”

In addition to formal training, Valdovinos says that his more experienced technicians also serve as mentors to his very young crew. This spirit of cooperation, he says, is a reflection of the kind changes that have transformed the dealership in recent years. “What sets us apart is cross-training between the younger techs and the older techs,” he says.

Valdovinos is a young man who joined the Bonneville operation in 1997 in the midst of the ownership transition. He was promoted to service manager earlier this year, and it’s apparent that he exhibits the energy and enthusiasm that senior management is looking for.

He says he has seen a significant change in the attitude in service department, particularly as the techs have gotten younger.

“Up until about 4 years ago, we had an incentive plan in the service department and it was nice, but you could see how some people participated and others didn’t. With the younger crew like we have now, they’re more interested in measuring their performance and progress. Every month, each tech gets a report on how he performed in terms of jobs worked, time per job, billable hours and this type of information. It shows how they’re doing individually. They seem to like this approach and get excited. It’s a reward for them to see how they’re progressing because they want to improve. In terms of money vs. personal accomplishment, accomplishment is more important than getting a few extra dollars for doing a good job. There’s a lot of energy down there.”

He says the dealership will be adopting a flat rate for service work in the near future. Valdovinos believes it will not only minimize customer issues about service

charges, but it'll also give his people another goal to shoot for, and another way to measure their own performance.

Growth — 'The Right Way'

Teigen is fond of using the catchphrase "growth — the right way."

For Bonneville and Madison County Implement this means taking care of their customers. That's measured by quarterly customer satisfaction ratings that reached 94% in the last quarter of 2008. This, he says, stems from the highly energized staff the stores have managed to develop in the last 5 years.

Wilker adds, "We've worked really hard to put the right mix of people together in all departments in both stores."

"Deere equipment basically sells itself as long as you have people who know the equipment and can present it with knowledge and confidence," says FitzSimmons.

To that end, the dealership has begun developing specialists of various product groups, from sprayers to precision farming technologies — market segments that present strong growth potential.

The formula for putting the right mix of people together has leaned toward bringing in young, highly motivated individuals who are looking for the opportunity to succeed. But creating an environment that allows them to do so comes from the stores' leadership. Together, Teigen, FitzSimmons and Wilker have more than 100 years of dealership experience.

But it's the "mix" of people that doesn't preclude tapping into demonstrated talent.

One example is developing staff to market and support Ag Management Solutions (AMS) precision farming technology. To support the RTK network the dealership is establishing in eastern Idaho, the Bonneville store tapped a 23-year old graduate from Brigham Young Univ-Idaho. Meanwhile, the Madison County location gave the responsibility to an experienced, former dealership owner.

"**Wes Donahoo** used to own a Case store," says FitzSimmons. "After he closed it down, he joined us and he's really embraced AMS. He has all the energy and enthusiasm that Bonneville's young guy has."

Before the dealership was awarded the commercial spray center contract for the state of Idaho 2 years ago, they hadn't sold any sprayers at all.

“Deere liked our marketing plan, so we went out and found a younger guy, Brent **Rigby** who demonstrated the excitement we were looking for,” Teigen says. “We told him, ‘You’re the experiment. You go out and learn what it takes to sell sprayers and we’ll support you.’”

“He’s so excited about selling sprayers that today — 3 years later — we’re doing 12-15 a year. That’s a pretty steep acceleration curve, but he loves it and he breathes it. Most of us couldn’t sell a sprayer if we tried, but Brent has become our go-to sprayer guy.”

Teigen believes that as more and more precision is built into farm machinery, the need for sales and service segmentation will become more apparent. “We have field cultivators that have electronics.”

But, he adds, “I never want to get to a point where a salesman says, ‘I can’t sell that product.’ What we need is to have product specialists that customers and our other salespeople can consult with during the sales process. At least for now, our sales will continue to be driven by territories vs. product lines, while individuals are allowed to become experts and resources for the rest of the group in the equipment that they’re really interested in.”

Wilker, who has worked for a few bosses during his time in the farm equipment business, says employee attitudes toward customers, their job responsibilities and wanting to learn starts at the top.

“The way Dave and Gary interact with each other sets the tone for the rest of the store. There’s cooperation there and we all see it. It filters down through the management level and to the rest of the employees. I’m convinced that Andy and I enjoy a much better relationship than many other service and parts managers.”

Room to Grow

“I keep telling C & B and the people working at Bonneville and Madison County, ‘I don’t know how big these stores can get.’ I do know that we’ve got a lot of country to cover,” Teigen says.

“We’re pretty much handling everything the farmer, large-property owner, golf courses and municipalities could want. But our focus remains on agriculture.”

“In the Idaho region we have good potential to grow in all the segments,” says Senf. “But we’re first and foremost an ag-based equipment company. This is where our priorities lie. Our major goal is drive a higher percentage of our customers’ business within our operations.”

“We’ve come along way and we’re starting to pick up the pace,” Teigen adds.

The difference between 2004 and 2008 is confidence, he says. “Previously, if they found something was difficult to sell, it was just easier not to sell it. Today, we’ve got the tools to do it.”

At the same time, the store managers acknowledge they can do better. One example is improving used-equipment inventory. Their goal is three turns per year, but they’re not there yet.

“But you better believe we’re working on it,” says Teigen.

What the Judges Say About Bonneville and Madison County Implement

“A very impressive two-store dealership. They generated the highest volume at \$50 million of any dealership in the category. More importantly, this dealership had the highest dollars generated per employee regardless of category.” ...“Maintained a very strong CSI and opened a brand new facility in 2006, which took first place in design out of the John Deere Reno branch.” ...“They do a lot of training of a very young staff.”

A Video Interview with Dave Teigen

Hear Dave Teigen discuss how store managers turned an underperforming dealership around and became one of *Farm Equipment’s* 2009 Dealerships of the Year. Go to www.farm-equipment.com.

‘Caps for Cans:’ Building Community Involvement

Being a good neighbor is always good for business, so along with its everyday goals of growing sales, management of Bonneville and Madison County Implement takes its involvement in the community seriously.

“In tough times, Americans help each other out,” says Shane Wilker, regional sales manager for the dealerships. “Our COO Kent Senf asked us to get involved in the community. He likes Toys for Tots. We also collect clothes for the Salvation Army.”

But Wilker said he wanted to do more.

“We’re always giving away John Deere caps and one day it struck me that we could be getting some mileage out of it instead of just giving them away.” What he came up with was “Caps for Cans.”

With jobless numbers in the area rising, Wilker started a program that for every 2 cans of food people brought into the dealership, they would get a John Deere cap. “If they brought in 20 cans or more, we gave them a jacket.” The food would be donated to a local charity for distribution.

The program was scheduled to conclude on June 8 with an open house scheduled to coincide with the John Deere Landscapes caravan that was making its way around the country.

“Everyone, not just customers, are welcome,” say Teigen. “We’ll have food and soft drinks for anyone who shows up.”

Those attending who bring canned goods will also receive a raffle ticket for door prizes.

“We’re planning to come up with other programs like this to help support community,” Wilker says.

The Mission & Vision of C & B Operations

C & B Operations was established in 1988 when Dan Cronin and Rod Burwell purchased the John Deere store in Gettysburg, S.D., in order to keep a dealership open in Cronin's hometown. According to Kent Senf, COO of C & B, the Cronin's have owned and operated farming and ranching operations since 1909, near Gettysburg. When Dan passed away in 1999, his son, Matt Cronin, took on the role of president of C & B Operations.

Today, C & B operates 16 John Deere farm equipment dealerships in 5 states and employs more than 350 people. Its corporate headquarters remains in Gettysburg, S.D. It also operates a diesel engine pump repair business.

Senf says that the vision for C & B Operations is to "become Dealer of Tomorrow, an undisputed leader in the market areas we support."

He says their philosophy is built on three interrelated cornerstones that include becoming the dealer of choice, employer of choice and investment of choice.

"If we can create and convey an environment where we become the dealer of choice, which means our customers rave about us, we can deliver a better environment for our employees. We can create greater economies of scale where we can provide a better benefit package, better training and a safer work environment.

"By doing these things, we should be able to make enough margin and do well enough in turning our assets to where we become the investment of choice," Senf says. "If we're the investment of choice, we can put it back into the business and continue to have the best employees in the business."

They accomplish this by driving the greatest amount of authority to the lowest level in the organization. Managers are given the responsibility and accountability to manage their stores as if they were their own. "We try to keep decision making at the lowest levels so the customer doesn't have to go through multiple layers to get an answer, and employees can do their best for the customer and the company," Senf says.

Bonneville & Madison County Implement Acquired by C & B Operations LLC in 1997

Major Line: John Deere (agriculture, sprayers, commercial & consumer equipment)

Shortlines: Darf, Loftness, Erskine, Love

Locations: 2 (Idaho Falls and Rexburg, Idaho)

Employees: 57

2008 Sales: \$50 million (wholegoods \$42 million, parts \$5.5 million, service \$2.76 million)

2008 Market Share: 50.6% (commercial sprayer market — 74.8%)

2008 Parts/Service Absorption Rate: 85%

Awards: John Deere Medallion Award 2005-09; John Deere Gold Star 2007-09; John Deere Managers' Club 2009; John Deere parts Century Club in 2006; Top AMS Dealer in John Deere Reno Branch in 2007-08

Key Staff: Dave Teigen, regional sales manager; Gary FitzSimmons, store manager, Rexburg, Idaho; Shane Wilker, regional parts manager; Andy Valdovinos, service manager, Idaho Falls store, Justin Lage, Service Manager-Rexburg; Dave Furniss, Parts Manager-Rexburg