

Selling Precision Service: Packages, Pricing & Payback

Twan van Ham
Integrated Solutions Manager • Western Tractor Co.
January 9-10, 2017



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Background

- 27 years at the dealership
- Moved up the ladder from Tech to Shop Foreman
- Taught at Lethbridge College in the Alberta Apprenticeship Heavy Duty Technician program
- Came back just when the Precision Ag department was starting to develop.
- Threw spaghetti at the wall and hoped that something would stick.
- Heraclitus, a Greek philosopher, is quoted as saying "*change is the only constant in life.*"



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Packages

- Do research within your AOR and customers.
- Be the only one in what you offer.
 - Technical (servicing and maintaining equipment)
 - Agronomic (crop scouting / Rx)
 - TechGronomy (machine optimization / data collection)
- Become the best.
- Develop packages that your Techs are excited about.
- Have complete dealership buy in.



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Pricing & Payback

- **Become the “Easy Button”**
- **Change the culture from “Free to Fee”**
- **Set a standard and “SHOW THE VALUE”**
- **Modify pricing**
- **Precision Ag is used for customer Retention and Acquisition**



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Colin Hlavinka
Precision Farming Manager • Hlavinka Equipment Co.
January 9-10, 2017



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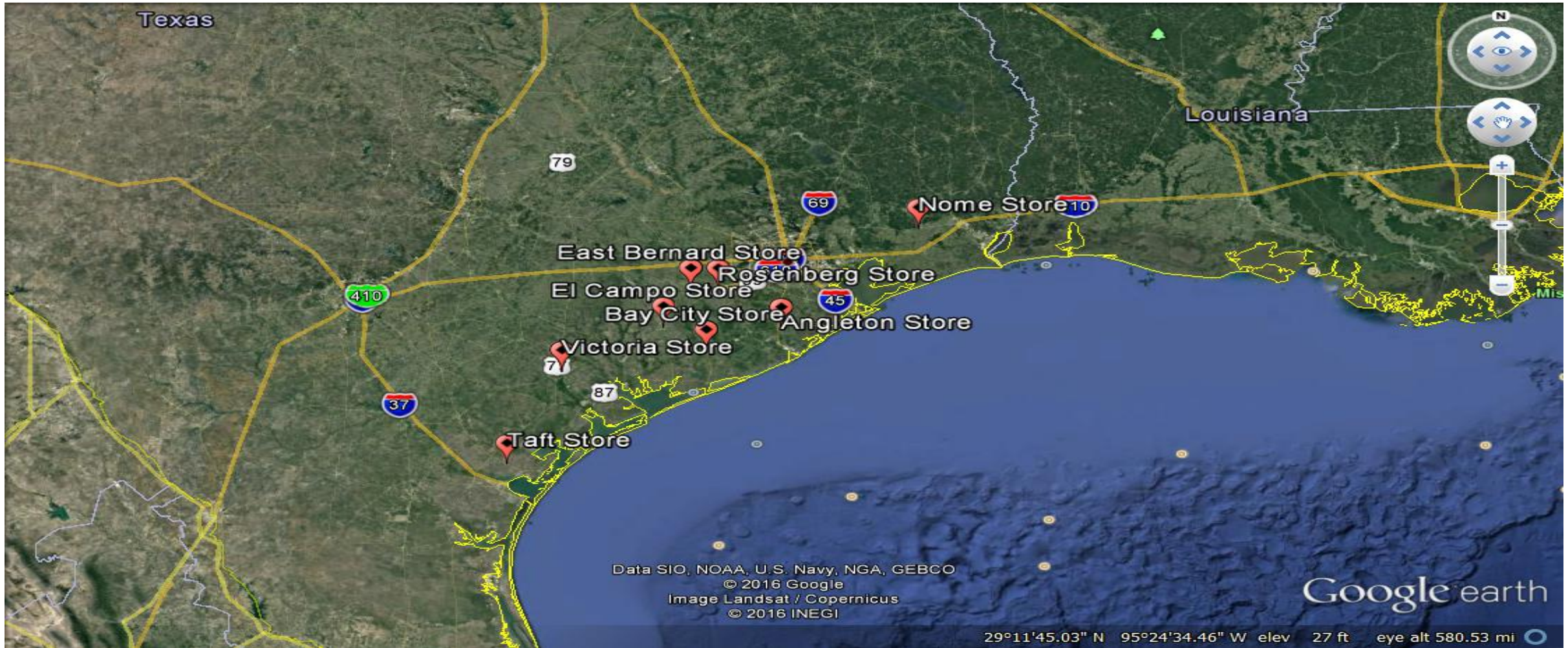


- Grew up on a Rice and Row Crop Farm
- Managed a Multi-Facility Retail Division for 8 years
- 8 years with dealership with 7 years in the PF role
- Guidance, Application Control, Yield Mapping
- Water Management (No Tile), Data Management
- 3 year average on PF Sales is \$1.1 million
- 3 year average on PF Service is \$180K



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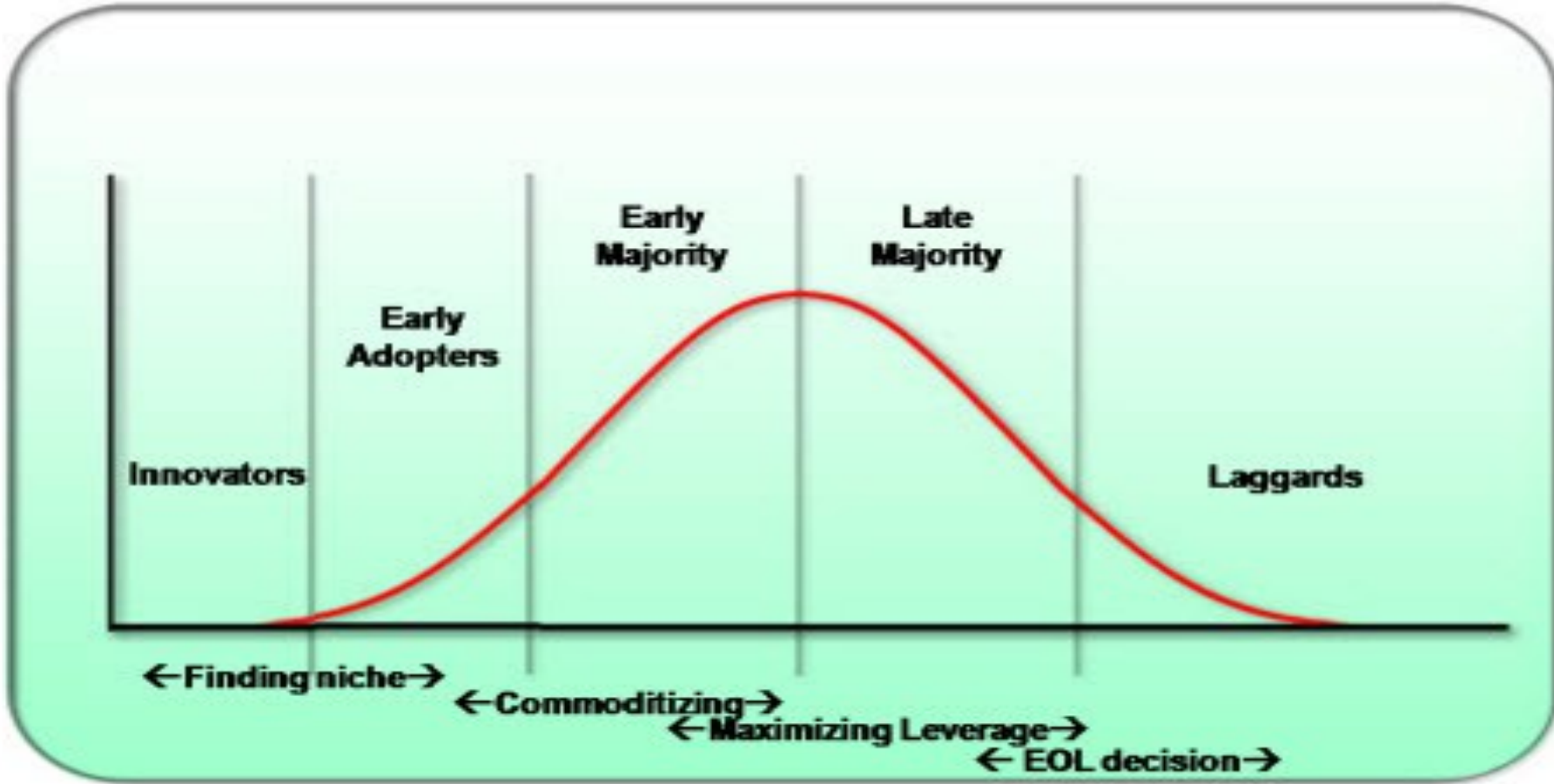


- Over 750 Individual Units serviced in our area
- RTK Network with 22 Bases & 6 Repeaters
- Service Plans have been in place since 2011
- Sold 9 Service Plans during first 12 months
- 2017 will have over 50 Active Service Plans
- Service is highest priority going forward



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- We look at Service Plan like insurance and no one likes insurance
- People want to buy just enough to get them by
- Ensure uptime and give a sense of safety when adding tech to the farm
- Keep buy in to a price point that is hard to say no to
- Keep options simple (limited menu)



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- We sell 2 options: Single & Multi-Unit
- This gets them 2 on-site visits a year for well-tractor checkup and software update
- We schedule the visits to coordinate multiple locations in area to maximize efficiency
- We schedule the visits to coincide with predominate season of use



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- We sell each Service Plan as an individual stock unit
- We then track the cost of the visits against the unit
- Helps us keep the price on a slightly above break even
- Single Unit: \$350
- Multi-Unit: \$700
- Additional Unit more than 5: \$100
- Realize about 10% margin on plans when averaged



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- Revenue is generated by the service tech selling additional services or replacing items that are worn or damaged
- Monitor mounts, coax cables, RTK antennas, cameras, and upgraded hardware are the most prominent sales
- Parts carry a 50% margin so revenue adds up quickly



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- Plan does not include additional parts found faulty during the visit
- Plan does not include additional labor to repair issues found during the visit
- Plan just covers 2 trips to make sure everything is working properly
- Goal is to make sure the unit works properly when customer goes to the field
- Creates a partnership between dealership and customer



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- We do NOT charge for phone support
- We include loaner hardware when necessary in the price while the customers is off for repair work order
- We try to keep the impression of a partnership as possible. No one likes to be nickel and dimed much as
- This will reap rewards on levels not even considered



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Nathan Zimmerman
Precision Farming Manager • A.C. McCartney
January 9-10, 2017

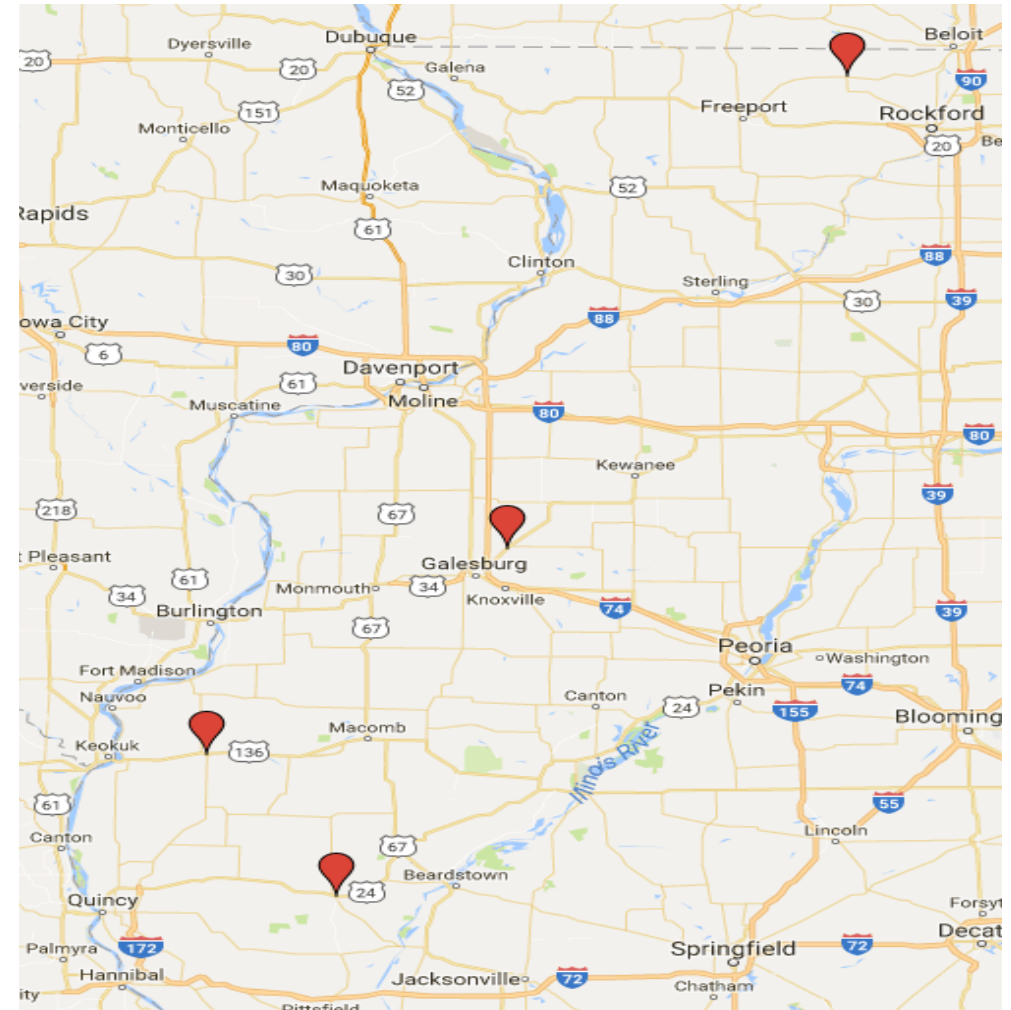


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ACM Overview

- ***ACM has four locations***
 - Durand, IL
 - Wataga, IL
 - Carthage, IL
 - Mt. Sterling, IL
- ***Multiple Equipment Lines***
- ***Multiple Technology Lines***



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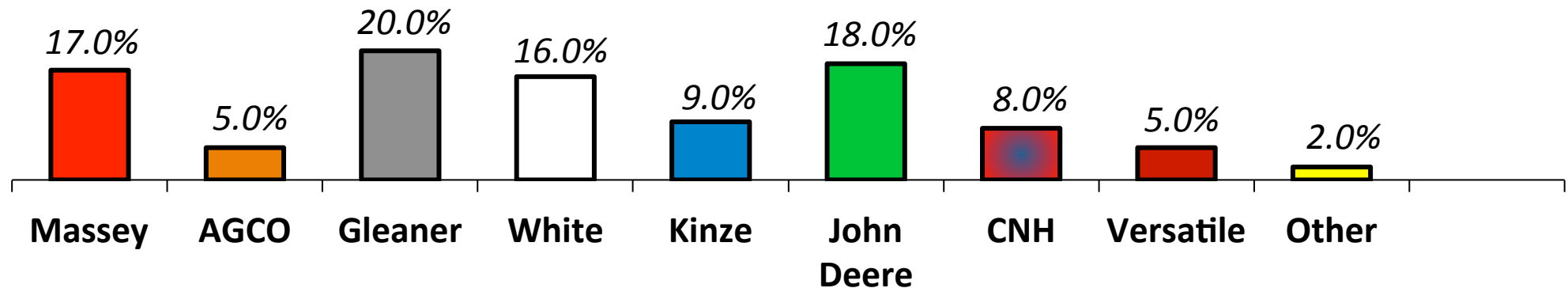
Technology Overview

- **Two Technology Specialists**

- Sales, Service, Support

- **Large Service Area**

- Around 165 Technology Customers



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Why did we create a service plan?

- *Create Consistent Pricing for Services*
- *Simplify Charges Across Locations*
- *Reduce Tech Support Phone Calls*
- *Be Fair to Our Customers*
- *Revenue*



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Creating the Service Plan

1. What do your customers need?
2. What services should you offer?
3. How much are they willing to pay?
4. What is included or not included?



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Service Plan Packaging

Build your own service plan!

Base Plan: \$\$\$.\$\$ (per year)

Unlimited Phone Support, Technology Training, Parts Discount, Labor Discount, Loaner Equipment.

Additional Options: Firmware Updates, Subscription Services, Preseason Inspections, Yield Data Processing, Yield Monitor Calibrating, Guidance Setup and Calibrations.



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ACM Technology Service Plan

<i>Service Plan Options</i>	<i>Service Plan Charges</i>	<i>Standard Charges</i>
Base Plan Unlimited Phone Support 10% off technology parts 10% off labor for repairs Free Loaner Equipment (When Available) Training Classes (Two Per Year)	\$300.00 per year Included Included Included Included Included	\$25.00 per phone call No discount No discount \$75.00 loaner fee \$50.00 each class
Additional Options		
Preseason Inspection's	\$100.00 per unit	\$200.00 per unit
Firmware Management	\$75.00 per unit	\$150.00 per unit
Guidance Calibrations & Setup	\$75.00 per unit	\$150.00 per unit
Guidance Subscription Service & Setup	\$75.00 per unit	\$150.00 per unit
Yield Monitor Calibrations	\$75.00 per crop	\$150.00 per crop
Yield Map Printing	\$10.00 per field	\$20.00 per field
More Service's Coming....		



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Service Plan Purchase Rate

2016 Season: 50/165 customers 30%

2017 Season: 15% already signed up



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Customer Response

- **Positive**

- Customers look at it as an insurance policy.
- Customers attend training events.
- Most seem to think it's a fair value.

- **Negative**

- Cost too much!
- Shouldn't have to pay after purchase of equipment.
- Can't believe we're charging for a phone call.



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Things we have learned

Create a service call schedule for times that a customer can call in.

Need to create an automatic renewal for the next season.

Need a better way to keep track of calls on the road.



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Thank You!



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