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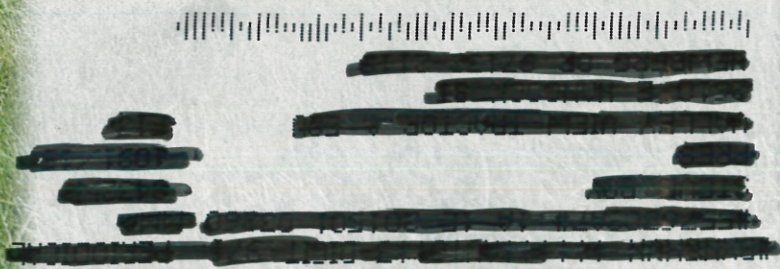
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FEATURE stories

- 12** **SELLING 'GREEN' VALUE**
Dealers Face Consumer Challenge
- 14** **GREEN PRODUCT ROUNDUP**
Environmentally Sensitive Equipment
- 18** **MARKET SHARE VS. PROFITABILITY**
Quality Service Boosts Both
- 20** **TRACTOR DEALER DIVERSIFIES**
New Year, New Products

VALUE added

Power Suppliers _____	6
Showroom _____	16
Distributor Library _____	23
PowerWorks _____	28
PETcetera/Ad Index _____	29
Dealer To Dealer _____	30

COVER photo

Power Equipment Trade looks at dealer challenges in selling green equipment, plus the latest green products, beginning on **Page 12.** (Cover design by Shelley Smith, photo courtesy of CORE Outdoor Power)



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Tractor Dealer Expands Into Lawn, Garden Equipment

Steve Roy builds business in 'small steps,' keeping debt load low.

BY DAN SHELL

NEWBERG, Ore.

Expanding into lawn and garden equipment following the 2008 economic downturn has led Steve Roy and Valley View Tractor & Equipment, Inc., into new markets and also more business growth.

Roy, a western Oregon native, began his career working as a heavy equipment diesel mechanic, handling service and repairs at various OTR truck shops and heavy equipment dealerships in northwest Oregon. Over time, he began buying, repairing and selling used trac-

tors. By 2000, this led to Roy working full-time with tractors out of his house south of Portland, where he has a 50x75 ft. shop with large gravel parking area.

In 2003, Roy created the company and started up a Mahindra dealership, followed by the TYM product line. A year later, in December 2004, he bought a half-acre property in Newberg and moved Valley View Tractor & Equipment, Inc., to its current location.

The dealership continued with compact tractor and implement sales and service for the next few years. Roy says he had some insight into the financial crisis that was coming, since his wife works in the mortgage industry. Still, he adds, 2008 was a great year until the last quarter. "Then, it was like turning a switch off."

With business plummeting, Roy says he had to choose between closing the dealership's doors or diversifying. He decided to expand into lawn and garden equipment.

In '08-'09, Valley View Tractor & Equipment, Inc., took on the Ariens/Gravely lines, plus RedMax, which is distributed by Power Equip-



With tractor sales dropping, Valley View moved into lawn and garden in 2009 and has slowly expanded its product offerings.

ment Systems in nearby Salem, Ore., 30 miles away. To bolster the lawn and garden effort, Roy walled off a showroom area inside the tractor dealership, put up a parts counter and added a double-door entrance and awning outside.

Roy added a lawn and garden rental program in '09 that did OK, while tractor sales continued to decline. "We made it through 2009—and we were happy to do so," Roy says.

Going into 2010, Roy added an outside sales rep who pushed lawn and garden equipment sales with local institutions and commercial customers through a demo program. "That worked pretty well, though it takes a lot of investment for the demo program.

A year later, Roy decided to go back to basics for the 2011 sales and service season: He dropped the rental effort after the local rental yard reopened thanks to an improving regional economy. "We still rent some tractors and excavators, but we decided to stop lawn and garden rentals after the rental store opened—and the rental store also sends us a lot of their service work," he says. Roy also halted the demo program. The changes, along with generally improving economy in the area, helped, with sales up more than 14% from 2010 through 2011.

The dealership has also taken on the Husqvarna product line after a local dealer dropped it. "We feel like we've filled the gaps in our product offerings, and now have a real good selection of products, from chain saws to 100 HP tractors," Roy says. "We're looking to grow what we have in 2012."

Operations

The dealership's labor rate is \$80/hr., for work on all products—tractors and small engines. Roy says that puts his company in the higher range of local labor rates, where some large dealerships are already at the \$100/hr. mark. As recently as 2009, Roy was charging \$70/hr. for small engine labor and \$80/hr. for tractor work.

Roy does some service work on larger equipment, but most of the service work is handled by two technicians: one who does mostly tractor and some small engine work, and another who specializes in small engine work. The dealership also builds hydraulic hoses, and



Roy has developed his business through profits, keeping debt to a minimum.

makes saw chain loops and does chain sharpening with an Oregon grinder

Roy adds that up until now the service department has taken in almost any repair job offered, but this year he plans to be more discriminating about which jobs to take. "It's not a written policy, but we're going to be more up front and forceful about telling customers when equipment just isn't worth fixing."

The business has operated with a computer since its beginning. "We don't have a business management system yet," Roy says, noting that business records are kept with QuickBooks, and inventory is kept on an Excel spreadsheet.

With the help of a staff member, Roy developed Valley View Tractor & Equipment's web site. "We built it from the ground up ourselves," he says, adding that the site is mainly informational, and he's still looking at setting up a site that allows sales.

The dealership also recently started up a Facebook page and Twitter and LinkedIn accounts and held a saw giveaway for customers who "liked" the business. In addition, Roy has invested in search engine optimization to make his business show up higher in local searches.

Roy has taken a variety of marketing

approaches, initially marketing his tractor lines through a statewide Capital Press Agriculture newspaper and also at local and regional ag shows. Since he's taken on lawn and garden equipment, however, he's started focusing efforts more locally, including submitting articles on lawn and equipment care for local publications.

"We want people in our local market to look for us whenever they need anything related to lawn and garden," he says.

Future

Looking ahead, Roy says that if long-term growth continues, he'll have to make a decision: There's space to expand in his current location, but he'd like to ultimately be in a different location with higher visibility and more traffic.

"If the business can support it," Roy says of his future plans, "We'd like to add on and move the shop so we can expand the showroom, but at the same time we'd really like a different location with more visibility. But commercial real estate is so expensive here."

Roy explains that way back when he first started selling tractors he didn't know he'd end up where he is now:

running a successful tractor and lawn and garden venture. He adds that he has a great group of employees, and it's critical for a small business such as his to have good employees. "We've grown it with a lot of hard work," he says, adding that he plans to continue operating with his philosophy of "running on the profits and building the business in small steps.

"We've never had a big debt load," Roy continues, "and that helps because when times get bad, it's easier to survive."



Roy has plans to expand small showroom, perhaps location move.