

WHITE PAPER

# Helping Heavy Equipment Dealers Acquire and Keep Customers for Life



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 **Advectus**



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## Helping Heavy Equipment Dealers Acquire and Keep Customers for Life

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*By merging cloud ERP with a dealer management system, Advectus helps heavy equipment dealers improve efficiencies, offset thinning margins and better serve an increasingly-knowledgeable customer base.*

Like many industrial sectors, heavy equipment leasing is going through major changes right now. Customer preferences are evolving and new opportunities are emerging. To seize these opportunities while meeting the needs of a new generation of owners and tech-savvy end customers, companies are pushing their Excel spreadsheets and QuickBooks-based business systems to their breaking points.

Businesses that specialize in heavy equipment, trucks and trailers need robust, cloud-based technology systems that provide visibility into transactions and customers across the enterprise—and across all locations—in real time. Without these insights about their own operations and their customers, business operators relying on spreadsheets and point systems miss out on the chance to get and keep those customers for life.

This white paper explores the key challenges facing heavy equipment dealers, reviews what's keeping them up at night and shows how a unified, cloud ERP platform integrated with a Dealer Management System (DMS) helps ease these pain points, offset thinning margins and significantly enhance customer retention rates.

## Four Industry Pain Points

Operators in the heavy equipment rental industry focus on selling, renting and leasing a wide range of heavy construction and transportation equipment. Specific to rentals and leases, the industry's financial performance depends on trends and activity in various downstream markets, including air, sea and rail transportation, highway, street, tunnel and bridge construction, and oil exploration and drilling.

Interest rates, unemployment levels, disposable income and other economic factors also play an important role in determining demand for the industry's products. Between 2015 and 2020, rising demand from downstream markets—particularly the construction market—has [supported revenue growth for the sector](#), which is currently worth \$42.8 billion and experiencing a compound annual growth rate (CAGR) of 0.2%.

Whether they're renting trailers out to ecommerce companies, leasing construction equipment to contractors or providing equipment rentals to DIY homeowners, today's equipment and vehicle rental firms are dealing with numerous business management challenges. Here are several issues that are keeping them up at night:

- **These are legacy businesses with "rich" histories.** Whether they operate independently or as franchisees, most dealers have at least one thing in common: they were founded decades ago and are now being run by second- or third-generation owners. "Usually one generation started it, the next generation ran it, and then the sons or daughters took over," Douglas Lecker, COO of Advectus, a NetSuite partner specializing in the sector. "Back when the company was started, it made quite a bit of money and operated on fat margins." In most cases, those margins were good because the price that dealers paid for their equipment was a secret. "Now anyone can use Google to look at invoices and do other research into base pricing," said Lecker. "As a result, margins have shrunk quite a bit." Lecker

previously owned a \$10 million automotive leasing company that in 2015 implemented NetSuite and Advectus DMS after realizing its multiple software solutions were costing it money, time, efficiency and impacting customer relationships.

- **Their systems are siloed, manual and not integrated.** Historically, most were paper-dependent and relied on employees to key information into a system that other workers could access, review and update. Not only did this take extra time, but it also resulted in a lot of data errors and an overall inability to gain a complete view of the customer. Over time, many of these companies switched to using whiteboards to track their activities and keep team members in the know. And even as they began to handle more processes electronically, these dealers' systems remained largely siloed and unable to communicate with one another. This situation hasn't improved much over the last few years. "Capturing the full customer experience and then updating it, reporting on it and integrating it with a customer relationship management (CRM) system," said Jim Justinich, Director, Implementations at Advectus Solutions, "is still out of reach for most heavy equipment dealers."
- **They have no customer or operational dashboards.** Because their systems and processes can't "talk" to one another, heavy equipment dealers lack the customer and business dashboards they need to be able to make good decisions. For example, Lecker knows of a truck dealer that "can't see anything that's going on in his business because there are so many platforms." None of these platforms are integrated, which means the dealer has zero visibility over how his company is performing on a daily basis. "Employees have to go into Excel, enter the information and then print out reports," said Lecker. "Not only is this a lot of extra work, but those reports don't even help to paint a complete picture of the company's operations." Using cloud

ERP and a dealer-specific management application, the same company has a real-time dashboards that show exactly what sales, service, collections and other departments are doing at any given time. This, in turn, helps support good decision-making, reduces manual tasks and helps the dealer improve its efficiency.

- **Consumers are doing price and package comparisons online.** As with many other business sectors, heavy equipment dealers are trying to “do more with less.” And, competition for customers is increasing at a time when those clients have price comparisons and other information at their fingertips. “Someone buying a piece of John Deere equipment can easily see what Dealer A or B is selling it for and what package deals it’s offering,” said Lecker. “Dealers can’t just stick with their old systems. They have to innovate and put systems in place that help them adjust to this selling environment, prove their value and operate more efficiently.”

### **Making Customers for Life**

Most heavy equipment dealers use spreadsheets to run their businesses and basic solutions like QuickBooks or Peachtree for accounting. “Very few are using modern, enterprise-wide solutions,” said Lecker. That’s changing slowly as new generations take over and demand better processes, procedures and business tools. “Maybe the first generation didn’t need these tools because it was making a healthy margin on every sale,” said Lecker. “As this industry changes and evolves, companies need better and more modern technology tools.”

The same challenges apply to newer dealerships, not all of which are equipped with business management tools. As a result, they can’t work as efficiently or profitably as they’d like.

Working with dealers whose annual revenues typically range from \$10 million to \$100 million, Advectus provides the tools those companies need

to effectively address the challenges outlined in the previous section (and more). An upgraded, agile dealer management system, Advectus DMS was built on NetSuite’s state-of-the-art cloud ERP. Using the “One Data Model”—which delivers complete transaction information on customers across the enterprise—Advectus provides a scalable DMS designed specifically for growing dealerships.

Using the platform, dealers can input the cost of goods sold and the cost of the asset to determine their true profit on every sale. The system also tracks the lifecycle of every vehicle identification number (VIN) or equipment serial number, giving dealers a long-term view of their profitability on those rentals or sales.

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“From the day the asset is acquired until the day it’s liquidated, every time a VIN is touched by a customer, repair shop or third party, it’s recorded on a dashboard.”

**Douglas Lecker, COO, Advectus Solutions**

This helps dealers quickly identify and proactively address problems, and ensure higher levels of customer satisfaction and retention. The same visibility applies to the customer relationship itself, which is tracked in the system from the first touchpoint (i.e. a visit to the dealership, clicking on a Google ad, etc.).

A dealer specializing in trailer rentals might lease hundreds of assets to a large customer. Most of those trailers probably function well, but others may not operate as expected. For the three or four that don’t meet expectations, a dealer may want to replace them (rather than keep repairing them over the total lifecycle of the asset). With no knowledge of those repeated breakdowns and repairs, the dealer wouldn’t

know which ones to replace or even why they should be replaced. This can lead to a money drain over time and significantly impact profitability.

### Improving Profitability

Knowing that customers like the convenience of using their mobile phones to interact with vendors, Advectus DMS also built mobile apps for dealers. A customer whose vehicle is in the repair shop for a windshield repair, for instance, can schedule that service and monitor the progress via the mobile app that's tied directly into NetSuite. "These are the capabilities that dealers are really missing out on by using old, disconnected systems," said Lecker.

Disconnected systems also create major headaches for accounting personnel and controllers who have to round up the paperwork, files and spreadsheets they need to be able to close out the company's books at the end of the month. In fact, simply getting an accurate profit and loss (P&L) statement or balance sheet can be a major challenge due to the fragmented nature of a dealer's business. For example, if the service department isn't "talking" to the accounting department, then something as simple as a transmission repair on a 10-year-old vehicle could put the dealership in the red on a specific lease agreement.

By bringing all of the company's activities onto a single, cloud-based platform, team members have the information they need and owners/CEOs can readily tell whether their sales and profitability expectations are on track for the year. "If you don't know what your true margins are," said Lecker, "then you don't really know what you're making."

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"Once dealers see the system's reporting capabilities and how much information they have on a single dashboard, they're sold on it. We're helping a sector that's used to operating with really old systems and taking it into the 21st Century with technology."

**Jim Justinich, Director, Implementations,  
Advectus Solutions**

### Taking Them into the 21st Century

With a typical implementation time of about four to six months, Advectus takes a holistic approach to improving dealer efficiency and profitability. Instead of getting service software from NAPA, a CRM from a best-of-breed software provider and an accounting system from QuickBooks, dealers have everything they need on a single platform. "We touch the whole operation," said Justinich, "from sales to service to technicians, and everything in between."

In return for their investment, dealers get an enterprise-wide solution that helps them work smarter, better and faster in a challenging business environment. They reduce manual processes, eliminate their spreadsheets, gain insights into their operations and optimize customer relationship management.



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