Roundtable:
Positive dialogue between suppliers, rebuilders

The traditional roundtable discussion at this year's Electrical Rebuilder's Association (ERA) Show took on a unique flavor in Allentown. After the exchange of some helpful technical and marketing ideas, suppliers asked rebuilders to tell them how they might improve customer support. This resulted in a notably cooperative tone and hopefully the opening of some good lines of communication. The transcript follows.

Alan Melton (AM): My name is Alan Melton of Northwest Regulator in Portland, Oregon. We have Joe Bradish from Kaestner Auto Electric in Waukesha, Wisconsin and Mike Schroeder from Central Automotive Electric in Union, Missouri on the panel today.

So we have some people here that have been doing this a few days. I've been building alternators and starters and getting paid for it since I was 12 years old, so our business started in 1961 and I've been working in it since I've been born basically. One of the things that I wanted to talk about today was marketing and what you guys are doing to keep and find new customers. You guys all come here every year, a lot of you; some of you are new. But what are we and you doing to find and keep new customers? It is one of the topics that I wanted to bring up today and I'll tell you some of the things that we're doing.

I hope a lot of you have heard of a sales funnel. But basically what a sales funnel is—is you've got to put in a certain number of prospects at the top of the funnel, and at the bottom of the funnel you've met with this customer, talked with them and figured out that you and they can do business with each other and now you have a customer at the bottom. But it takes hundreds of people to go in the top of the funnel to get a few to come out the bottom to be a qualified customer—somebody that you want to do business with. And the key there is "want to do business with." Because as Bob said there were a couple of people that he's had as customers that he doesn't want as customers anymore. I know it's hard to do but sometimes you have to fire a customer. But does anybody have any ideas that they would like to bring up that they do, that you do, to keep customers—or especially new customers. How do you get new customers?

Paul Sailon, Sailon Auto Electric (PS): What we do is we have a full-time salesman that has electrical background and capability to diagnose. He travels with me and does the voltage drop testing, etc. Our competition does not have that capability where he does sales calls, helps them with the job they might be working on, or they'll call with a problem and we'll send him out there to meet with the customer and help him with the problem, not bill him for that—it's a service that we provide for our customer.

AM: Thank you, Paul. That was very good. He adds a service to his business that no one else in his area does.

Tom Barrett, Dakota Battery & Electric (TB): One of the things that we do is that we go into a shop and introduce ourselves and we get a feel for how they do business. But one of the things that we found that really works well for us is that we actually offer to come into that shop and put on a class. It has really helped. All of the equipment dealers around there, we've got some mining companies around there and their service shops, that we've actually gone in and asked them, let's help you guys. We try to keep it as short as possible, but it really worked well for us. Showed that we were willing to work with them and help them and when they have a problem, we're the first ones to go to the shop. Let us drive over and see what we can do, and we actually had one of the shops call us. They were having a problem with one of our competitors, and I said, well, let me just come over and see what we can do to help you out. And it wasn't that guy's problem—the competitor started it just fine but they had a cable issue.

So really try to work with your customers. That's what we're trying to do and show that we're really concerned and that we want to help them and we're going to be there and support them. And it really works. Take time to visit with them and get to know them.

And then one of the other things that has been really helpful for us too, is getting my suppliers—their sales rep—to help me. A good example is that we do sell XA Battery. That salesman is in the area once a month and he'll schedule a day or two and we'll actually go together out on sales calls. And it really kind of helps bring clout to our business, that we have support from our suppliers coming in to help us sell. So those are things that we've been doing.

AM: How many of you go out and talk to customers? For those of you that don't, how do you find new business?

Dan Smith, Arrowhead Electrical Products (DS): One thing I used to do when I had my rebuilding shop that worked very, very well, was I would target certain customer groups like vintage car clubs, and I would offer my services to do a presentation to them on their charging system or starting systems, when they had their monthly meetings or my monthly meetings. Or there was a John Deere dealer in town who would have an open house. I'd get together with them and I'd tell them, "Look if you want, I'll come do a short presentation for you on charging and starting systems, things to look out for, how to do voltage drop tests." When you put yourself in front of these people and you just let them know that you've got this bit of expertise—they see you, they know you, they haven't come to your place of business—but now they know you exist and they know that you have the expertise. And that will drive business into the shops.

AM: I went to the hot rod show in Portland a few weeks ago and you're looking at $100,000 to $200,000 cars. And I'm looking at the alternators and generators and starters on these things and just laughing. The things that people have done—you know like the battery terminal is an eighth of an inch off the valve cover on the alternator. And I'm like, that's bad. Talking about a fire. The nut's on tight and everything's fine but boy—Mike or Joe do you want to add anything to this?

Mike Shroeder, Central Automotive Electric (MS): How many of you guys have a relationship with your local parts stores? There's one of your best advertisers. Believe me the customers can tell the difference between the guy at the parts store running that alternator and coming to your shop. A huge difference. They comment—they'll say that guy really

didn't look like he knew what he was doing. So develop a relationship—even thought they're competitors—develop a relationship with those guys. They'll send you a ton of work.

AM: Even if that's AutoZone. You can go to an AutoZone and get a lot of business and in our area we have a Les Schwab Tire Company—they only change the battery—they'll do batteries but they don't do alternators and starters. I don't know if there are tire shops near you that only do battery work, but that's a classic customer, you can go in there and say, "Send us your problems."

Joe Bradish, Kaestner Auto Electric (JB): One of the things that we've done in the last few years has been to have people give seminars at our facility that were the professional from afar. We had Joe Davis two different times and we had Dan Marinucci this last year. And we will go to new customers that we're trying to land and present the possibility of them going to this seminar to them. We charge for the seminar. It generally doesn't cost us a whole lot of money because we get enough attendance to make it pay for itself. But it definitely creates a very good customer—goodwill and loyalty.

Jerry Kieffer, Allstart Auto Electric (JK): One of the things that I've done in the past is I'll take my top 25 customers at the end of the year, make up a list of them, and do a handwritten Christmas card or end of the year type card and make an arrangement with the local florist shop and have those arrangements delivered to the customers with the handwritten card. You can't believe the impact that that's had. Not just at the time, but ongoing. So very effective.

AM: Good. Anyone else?

PS: Dan Smith touched on it. We belong to the Long Island Fire District Mechanics Association. I got involved as an officer. We have a large fire district customer base, so it keeps me in front of these guys. I help with their organization because most of them don't want to do anything but attend and eat and drink, as far as administration is concerned. We do the bass fisherman when they have their meetings, like Dan suggested, for batteries/starters/alternators. There are a lot of organizations to be involved with that's part of our customer base. Seminars, which you brought up earlier, same sort of thing—we'll go into a school bus fleet do their different garages on different nights. Buy the pizza; spend 45 minutes or an hour. And it reduced our warranties as a result of it as well. So confidence is built, you're in front of them like Dan said, you're helping with the organizations which they appreciate. That works well for us.

AM: You were talking about being in a large metro area. I have a friend in Los Angeles, which is as big as it comes, and his local business had dwindled down to virtually nothing so he started going out to the local swap meets. And he's making a great living now just going to the swap meets.

Scott Dulaney, Metro Heavy Duty Distributing (SD): One of the best things is just get out and network. Of course, I raise some cattle and stuff, and I go out to the auctions. Here a few weeks ago, I went to a consignment auction—it was all potential customers, and I was like number 268 in the lots, that's how many people were there, and you see a lot of customers that you already know. You go over and visit with them and always have a pocketful of cards and people get talking to you, even buy them a few hotdogs; some people around say, "Who's this fellow?" Networking is probably one of the best keys in a large city, kind of like you were talking about the swap meets and so forth.

AM: Casey Barrett, will you stand up and show them your shirt? [laughter] Now when you go to the swap meet, this is great advertising! His shirt is covered with his company name, a nice funny thing on the back that looks good. Tom's wearing a leather jacket with his company name on it. Hank's got his company name on. How many of you have shirts and hats from your company that you could wear out in the public, you know where people see you, and go, "What's that hat from?" or, "What's that shirt from?"

Ray VanDervort, VanDervort Repair & Rebuild (RV): There are a few car shows in our area and a couple of tractor shows and farm shows. There are always tractors there and they've got metal fenders and tires, they've got their trunks open—I take a handful of magnetic cards and I lay one on every fender on a tractor and I lay one on every trunk.

AM: These are good ideas that we can all use. Does anybody have any of these orange things besides one, there's only one person brave enough to write something down? Because this one's a hard one. There's one up here, though, do you want to hold that up, Joe?

JB: The drive end on the starter is cracked away. The whole starter is laying apart here on the table.

AM: It's a 2012 Chrysler starter.

Nelson Leidy, Leidy Repair (NL): It's a core off of a 2012 Dodge Caravan which was in a flood. They tried to start it with water in the engine, broke the housing, and the lead is burned off from the solenoid to the positive brushes. I thought what was unique about this starter is the connection from the solenoid to the brushes—is just this little pin that fits in this hole of the solenoid. And that's your contact to the motor.

AM: There's no screwed contact? It's just pressure?

NL: That pin just slides into the solenoid cap and it's the motor contact. Did anybody see any of these yet?

AM: That looks like a Ford 2G alternator. [laughter]

NL: I'll let it lay up here if anybody wants to take a look at it.

AM: We kind of started passing some of the pieces around. Thank you for bringing that though.

NL: It's a Nippondenso.

AM: Now it's a Denso.

NL: P/N is 4280007200.

AM: Here's a question: How do you respond to the customer who says he can purchase your product for the same price your supplier is charging you?

So this question, the short story is, how do you compete with your supplier when your supplier is selling it to your customer at the same price that you would have to pay for it from the supplier—on the Internet?

Len Gross, Churubusco Auto Electric (LG): How do you respond to your customer when he tells you he can buy your product at your cost off the Internet?

MS: It happens in my shop quite often. And there's a reason if you guys stop and think about this. There's a reason why they're standing in your shop. Now they're trying to beat you up on the price is what they're really trying to do. And I'm not going to tell you that it works every time because you're going to sell some of the people some of the

time but not all of them all of the time. So you have to explain to them that when a unit gives you problems they can come look you in the eye. Tell them to go find that guy that they ordered it from on the Internet when they've got a problem. And if you get people to talk to you, there's a lot of experiences out there where they've purchased off the Internet and it's not what they thought it was and they ended up spending more money, so it takes once to learn a lesson. I really don't have much of a problem with that anymore. I've had them come in and do that, Len, you know they'll say that, but I think they're really about hammering you on the price.

Henry Henke, United Starter & Alternator (HH): I had an occasion that a customer bought a Denso starter for his motorcycle from one of our vendors on the Internet. Shows up in my shop and says, hey, I just bought this and I put it on and it doesn't work. Now sometimes as rebuilders we're our own worst enemy. I told him, leave it with me and I'll fix it. Took the back off—it was his problem because he didn't hold the cable when he tightened the lug up so he bent the contact up. When he came to pick up his starter I charged him $50 and he said that's only $10 less than I paid for it. I said, can't help that—it's fixed and it will work—but be sure that you hold the cable. Don't pull your pants down in public—don't tell him what was wrong with it. Just say you fixed it. But there's opportunities there. He says the next time I need a motorcycle starter I'll come back to you.

Ronnie Charnes, ACC Rebuilders (RC): We're talking here about saying our suppliers are selling them, it's not our suppliers. It's the people like you and I who are in this room who have Internet sites who are selling these. We can't stand here and blame the supplier. Now what we've got to be smart enough to do is outsmart the ones who sell them on the Internet. The Internet can't offer the services that we can offer, and if the man is buying by price only—do we want him as a customer? If that's all they're interested in is price, if they're not interested in service, if they're not interested in quality, do we really want them?

This industry's changed. I've been in this industry for 50 years. This is all I've ever done, all my life. But the thing about it is it's up to us to be smarter than the next person in our businesses. We have to look out for ourselves. We can blame everybody in this industry—we can blame the suppliers, we can blame our employees, we can blame everybody. It gets down to one thing—us! As owners and managers of businesses, it's our position to service our customers and to make a good profit at it and outsmart everybody else.

Misael Torres, Cano Auto Electric (MT): I was going to mention that one of the comments we could tell to the person when they say they can find it cheaper on the Internet is, "How much more are they going to pay for the shipping?" Because usually it's not free shipping, they've got to pay more. That's one. Another thing that I was going to mention that usually we get some customers in the shop that say, "Oh I could get the same alternator cheaper in AutoZone." Things like that. Now AutoZone has a site where you can check the prices. What we do is actually bookmark where we just go right quick and check the prices and we tell them, no, you're going to get this for $50 more—that's not true. They're trying to get cheaper prices, that's what they're trying to do; they're trying to be smart.

AM: So you're verifying that they're telling you that AutoZone's price is $50 and you look it up online and you say it's $75, right here.

MT: They come back five minutes later.

RV: Any Internet sale—if I can't find a phone number and an address I don't buy there. And I ask them if you can find that, then maybe's it's worth looking at. But the other thing is I can put a picture on a page and it doesn't represent what you're buying either. We just recently had a customer buy a starter and the picture was a brand new unit and he got it in and it was a $35 core. It wasn't worth much. So he came back, but they've got to investigate, they just can't take it for granted. The Internet's got a lot of fallacies.

Juan Grube, JIMCO (JG): Mike, I want you to write this down on the calendar as the only time it's ever happened, but you're brilliant. Your statement that you said there is a reason why he came to your shop. That is the most important thing in this discussion that I'm hearing. And when you realize that reason, then amplify it. Make it your strong point. That's a brilliant statement.

MS: Seriously guys, this is your chance to show off. And I mean that literally. Let the customer see what you know. Spend the time with them, explain how things work. Explain a charging system to them. Up and down the line, develop a line of communication with them. You know, you guys have heard that by numerous people here this morning, but believe me it works.

Todd Lyly, Lyly's (TL): It's good to try to explain to these guys what's going on and why you're the good one to come to. But you have to be able to "speak customer," not mechanic, because they're not going to understand the terms that you're using. So if you can keep it simple and somewhat plain language, that helps a lot and they don't sit there and go, "What?"

JB: One of the things that we do with customers like this if we feel it's worth the time, which we try to make it be, is to give them a tour of our facility and impress them, as a result, with what our expertise is. We've got a very nice facility, it's clean, all that sort of thing. Give them the confidence that if they would buy it from us for a higher price that they're getting a lot more than what they would be getting from the Internet product.

MS: OK guys, here's your chance—this is from one of our suppliers: How can we as a supplier support you better and help you grow your business? So the suppliers are here in the room, guys, here's your chance.

HH: One of the things that the supplier could do to help all of us is NOT be so particular if we get something back that we think is a warranty and let us take it apart and see. I had an occasion here just the other day, where I could have saved myself 30 days and a problem because I didn't want to disassemble something because it had to go back to the vendor. If I had taken it apart 30 days before and found out what the problem was, I could have saved myself and the vendor a lot of heartache and a lot of time. We're all in the business, we understand how things work. A lot of times the problem is a customer-generated problem that the customer needs to know why it failed, we need to know why it failed, and we can give that information back to vendor. But everybody says, "Don't take it apart—we've got to see it." Well, your engi-

neers are no smarter than we are.

LG: This is directed directly to Lester Catalog Company. I don't know if there are any representatives here or not. I'm on Lester Catalog all day, always constantly using it. Every five minutes I've got to re-enter and get on that log site. That is not OK.

AM: They're getting a new server. I've heard as soon as 30 days, but we'll give them a chance. They have overwhelmed the server that they have right now. We get knocked off too.

LG: I think us as rebuilders should have a priority for a longer time limit to be on the thing. I mean, we pay the money to sign up for it. Every five minutes if I'm not on it, I've got to re-enter and log into it. And none of my suppliers at J&N or the Arrowheads or WAI, I don't have to do that with them boys. So those guys have got a different system going on. And that thing just drives me nuts.

AM: I talked to Dennis about the same problem because I was getting knocked off more often than I thought and he promised me that they are getting a new server and that problem should be dealt with soon. It is very annoying when you're trying to look something up and poof—you're gone.

Bob Burrman, Gold Seal Alternator & Starter (BB): I'd like suppliers to put an extra check box in their list so that if they have a return on a particular item—a rotor, a stator, a rectifier—they can tell you if it's been a common failure. I mean every time I ask if they've had any problem with that—no, never had a problem! [laughter]. Then you go to their warehouse and there is a whole skid of them in the back. So I just want that honesty up front.

AM: That's something you could use the (ERA) website for, suppliers, if you're willing to make that kind of information public. If you have a known part that is giving you a problem, it might be a way for you to share that information.

RC: What I think we need to do guys, and ladies if there's any in here, excuse me, we need to open up better relationships with our suppliers. Now I know that they should have this relationship with us being as we're the one that pays the bills. But if we don't have someone that we can contact, and it's not always necessarily a sales person, there needs to be someone within the organization regardless of who we're talking about here on suppliers, that if we have an obstacle we can go to and discuss it with them.

Then the next thing is, and you're probably going to think I'm crazy when I say this, we don't need to be beating them up. We need to be trying to work with them to solve the problem, regardless of what it is. You know, and over the years a lot of us have—and me included, I'm not excluding myself from this—we've tried to beat up suppliers instead of trying to work with the suppliers. And there needs to be some open channels of communications and we need to do it with them, and if for any reason they're not willing to do it, then it's time for us to do something different.

Bill Ernst, WAIglobal (BE): We have in place a system called "Quality Response System" that all of the sales and customer service people are supposed to use to log issues with parts, units that there seems to be an excessive return rate on them. On our tech line, which there's Marcus down in Orlando and Troy in Memphis, where the product is because we need to be able to verify the product, you can call them. Some of the salespeople and customer service don't know, but if you call that tech line and talk to them directly about that part, they can tell you if there's been a QRS entered on it. And many times, and I just had one with Ronnie, what we do do is that when we get these, it's important to us, because we immediately have customers get unhappy sometimes because how can you be out of that part right now, it's the season? Well there was a problem with it and we immediately flagged the part so that we don't continue selling it, causing more problems for you. I know it's frustrating but we do have checks and balances in place to try to prevent that stuff from getting out.

RV: Bill, if I can add this—and you know—all the suppliers are asking these questions but, and Ronnie hit it, it's a line of communication. If we as a rebuilder, call you guys with a problem and you investigate and it is in fact a problem, and you pull a product off the shelf, none of us ever hear that. I've never had a phone call from a supplier that says, "Do you have any of these on your shelf? If so, there's an issue with them, don't sell it." Something you guys should maybe think about.

PS: Bill, I commend WAI on that program. I utilize it all the time. They've actually brought people in from China to my shop, we spoke about issues as silly as labeling starters on the wrong side closest to the block instead of away—a silly issue but it should be done right. DE housings being attached where the mounting holes in front of the lever housing—impossible position to sell a starter in—has to be moved. Silly problem, and more serious problems, as well. But these programs are an effort at least to help the rebuilder solve problems.

I have to disagree—I have had phone calls about units and sent them in and got them back with little round, green stickers on the box indicating that they've been reworked for a particular problem. So maybe you haven't but we have and I'm sure it's not 100 percent of the time, but some of that is going on. If we take the time to help the vendor identify their problems, so that they can correct their problems, so that we have less problems, I think it's worth the time and effort.

DS: I come from a rather unique position because for the first 28 years of being in this business I was on the rebuilder side of the counter and for the last 12 I've been on the supplier side. So I've seen both ends of this issue. I'm going to tell you that when I went to work for Arrowhead, I was extremely impressed with something that they do that I didn't know. They have a fellow out in Minnesota, who's name is Dale, and if I call him, or if one of the customers call him, with a legitimate problem and tell him what the problem is—10 minutes later you will see that they don't have any of that product in inventory. They quarantine it all until they figure it out. And like you said — some days, in season, where are all these lawnmower starters in season? Somebody called with an issue that was verified. We're going to check everything before we sell anything more. If it turns out that it's an issue that there is an ongoing problem, then it would be addressed and people would be contacted. If it turns out that 10 out of 1,000 had an issue, then those 10 are taken out of inventory and the rest are put back onto inventory to be released. Believe it or not, you might see the large suppliers as ogres but the fact is that we don't want comebacks, we don't

want warranties, and we don't want you mad any more than you want it.

Greg Rector, Turner A, S & B (GR): I guess a lot of things that I have to do personally myself with aftermarket suppliers—the biggest thing I guess that I find with an issue is stuff not as tight—whether it be a solenoid terminal connection, 10SI the three screws on the regulator system, eventually in six months we've got an overcharge system. The fasteners just aren't as tight as I would like to see them. A little extra heat, a little extra amperage, whatever, loosens them up. I deal with WAI, J&N, it just doesn't matter. Aftermarket stuff I don't feel the fasteners are as tight as they are or should be. A lot of times I'll take a 10SI apart and retighten the three screws on the regulator—put a little Loctite on them.

Jerry Sexton, EMS (JS): This line of communication that Ronnie addressed just a little bit ago is very vital, but you also need to give us time to address your concerns. What I see in my years of experience in the business is you address a concern to us and then there's a period of anger or madness that takes place and you say, the heck with those guys, I'm not going to deal with them anymore. Give us the opportunity to address your concerns.

In our case, with EMS, as an independent distributor, we may have to go back through a couple of different channels to get you the answer. But the thing that I want you to do for us is just be patient with us enough to get you the answer and let us have time to work on that problem, so that we can not only answer your question, we can fix that problem. And I know you guys are standing there facing your customer and your customer is looking for an answer. But rest assured most of the vendors in this room are going to be flexible enough to make sure that you get your credit on that item. But we also want to not only identify that problem, but we want to have the opportunity to fix that problem, so that we don't have that reoccurring situation.

AM: And now that you've come out of the woodwork, I remember a conversation I had with you and Brian yesterday that diverts back to the marketing thing and what we can do to increase our business. But you guys and other vendors in the show have more than alternators and starters to sell. Some of you sell batteries. I saw a light in your booth, and there's a fan in the Arrowhead booth. A lot of the vendors are providing you with opportunities to sell more products when your customer's in the door. And what's more you can sell them easily.

Bob Hopko, ISKRA (BH): As a manufacturer, I wanted to address what Jerry from EMS said. I want everybody to understand that I want the rebuilders to check the units. I need them, as my helper, to be able to find out what happened to the unit. So any rebuilder here has the ability to open up the unit themselves. I don't know if other manufacturers are allowing people to do that. So hold me to it. We've had some issues and you know, I only have one guy that does a lot of other stuff back in my facility to be able to do a lot of warranties. So you guys are my eyes and ears. Maybe that will help expedite what Jerry was saying with the channels of taking too long. I just wanted to make that point.

DS: Guys one thing you need to remember is that sometimes the rebuilders are creating the problem or the installers are creating the problem. It may be a repetitive issue but it's being affected by what's happening in the field. Is anyone here from Citadel? Citadel manufactured the original ASVR regulators for Delco. OEM Citadel had a zero failure rate. When they released it to the aftermarket, their failure rate was almost 65 percent. And why was that Alan?

AM: Test benches. When you turned off your test bench you disconnected the battery wire from the alternator. The alternator went open circuit while it was still rotating and ruined the regulator. They had to redesign the regulator because of our test benches. When I was talking to Juan Grube yesterday, on his test bench you keep the battery energized until the alternator has stopped spinning. It's a simple thing, and when we tested the alternator, we were done. It was all good and went on the shelf. You didn't even know it was bad until you went to put it on the car. But the test bench is what broke the alternator. Not the customer, not the vendor.

RV: One thing that is hitting all of us the hard way, and I'll ask the suppliers to look twice for a U.S. manufacturer, so I don't see Brazil, Mexico, China on the boxes. If we have a U.S. product, I'll guarantee you that a lot of our problems will go away and our country will be a little bit healthier and we'll be a little bit better off all around the whole board. That's my opinion of what comes in the door.

AM: Have you heard the term "reshoring?"

RV: It's happening.

AM: In our company we are making great strides. We took classes on lean manufacturing, and we have gone to great expense to become a much better manufacturer than we ever have been in our lives and we are bringing back products from China nearly every month. Where our customers are wanting us to fix something that came from China and then when we fix it, we get to build it for them the next time.

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