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RUSSO PRESIDENT
Eric Adams

DISTINCTIVE DEALER

Unique approach keys rise
of Russo Power Equipment

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POWERING THE SUCCESS OF INDEPENDENT SERVICING DEALERS

COVER STORY

Eric Adams, president of Russo Power Equipment, is pictured in the showroom of the Schiller Park store. (Photo courtesy: Keith French Photography)

DISTINCTIVE DEALER

Unique approach keys rise of Russo Power Equipment



■ BY JULIE RITZER-ROSS

It's 8:30 a.m. on a Saturday. A landscape contractor walks into Russo Power Equipment's showroom in its Hainesville, Ill., location, looking to purchase two new mowers. One hour later, he leaves the establishment, having been thoroughly educated about several mower models and brands, made his choice, and financed the purchase with flexible terms. He also makes an appointment to have his fleet evaluated by one of Russo's experts in a few weeks.

Such a scenario underscores Russo's distinctive and somewhat unusual approach to the OPE business — an approach that has helped to spur annual sales increases of 10 percent over the past five years and make it a premier OPE dealer. Russo currently operates five retail locations in Illinois, with a sixth slated to open in 2016. Also part of the business is Russo Salt Supply,

which was expanded in 2008, in an effort to offer efficient service and delivery of de-icing products, including salt in bulk at highly competitive prices.

"We are very much in growth mode," said Eric Adams, president, who began working for Russo while in high school and has worked there for more than 25 years. The dealership currently employs 215 people, including some 200 full-timers, led by a team of 15 veteran executives and managers. Three sons of founder Frank Russo Sr. (who passed away in 1997) — Ralph, Frank Jr. and Tony — still own the business but rely heavily on their staff to manage the day-to-day operations.

The dealership has indeed come far since Frank Sr. opened a 10,000-square-foot store on Chicago's northwest side in the late 1970s. Originally known as Russo Ace Hardware and now operating as Russo Industrial Supply, it originally sold hardware and later began to sell and service equipment used

Russo Power Equipment places a strong emphasis on maintaining a culture where staff such as sales associate Jose Muneton (left) and management truly listen to customers. “We steer clear of high pressure, because that’s not what sells and it’s not what keeps customers coming back,” said Russo President Eric Adams. (Photo courtesy: Keith French Photography)



by lawn service companies. (This is still the case, but building maintenance items comprise the bulk of the store’s inventory.)

The Russo Power Equipment concept was expanded in 1998, when a 20,000-square-foot location with a 6,000-square-foot showroom, a 4,000-square-foot service area, and a 10,000-square-foot parts and service department opened on Chicago’s Dakin Street to cater to a fast-expanding commercial landscaper market. The Dakin Street store was relocated to a 110,000-square-foot building in nearby Schiller Park in 2005, featuring a 30,000-square-foot showroom, a 30,000-square-foot service area, and 50,000 square feet of warehouse and headquarters office space. The 35,000-square-foot Naperville, 50,000-square-foot Hainesville, and 55,000-square-foot Frankfort facilities opened in 2008, 2011 and 2014, respectively, while the upcoming Elgin location will span 120,000 square feet.

SUPPORTING GROWTH

Adams attributed Russo’s industry status and ongoing successful expansion initiatives in large part to best practices that spark growth. For example, about 10 years ago, the dealer — which caters primarily to commercial customers, but handles a small percentage of residential and municipal government accounts — formed a business relationship development (BRD) team consisting of representatives from each location. As the name implies, BRD team members are responsible for maintaining relationships with existing customers by regularly communicating with them to ensure that their equipment and service needs are properly met; most communication is handled face to face to foster a more personalized experience. Team members are also charged with cultivating new relationships by attending trade shows, industry seminars, and local events.

During the past few years, the team has also strived to boost Russo’s public sector business by watching carefully for contract opportunities and reaching out to government entities to increase the chances of being added to their approved vendor lists. The strategy has led to what Adams deemed “substantial growth” in the government market.

Adams noted that although advertising and marketing remain effective, thanks to the efforts of a full-service, in-house marketing department, a significant portion of Russo’s customers are attracted by word of mouth and retained through the personal touch, such as the efforts of the BRD team. He added that the team and its efforts “proved to be the silver lining” throughout the recent recession as Russo remained firmly in the black because relationships fostered and strengthened during that time supported its status as customers’ preferred source of outdoor power equipment and related merchandise.

An equally strong emphasis is placed on maintaining a company culture where staff and management truly listen to customers. Concerted efforts are made to create a comfortable showroom environment. “Hard-sell” techniques are shunned. Instead, employees impart product knowledge, honed through vendor training programs and periodic in-house training sessions led by management.

Conversations with commercial customers focus on what they require in terms of power equipment, accessories and other merchandise, as well as services, to effectively accommodate their customers and grow their businesses.

“Whether it’s quick equipment service turnaround, or a promise of a specific equipment delivery day, or a modification to a piece of equipment, we do whatever we can to accommodate customers’ requests,” Adams explained. “We steer clear of high pressure, because that’s not what sells and it’s not what keeps customers coming back. Listening and relationships do. So does positive energy, in our sales staff, our cashiers — everyone.”

In fact, he noted, customer input and needs have influenced more than a few of Russo’s business decisions and new directions



All Russo locations include a fully stocked parts department. Pictured pulling parts is Russo Parts Supervisor Bernard Aguilar. (Photo courtesy: Keith French Photography)



Fully equipped repair shops with highly skilled service technicians such as David Muys (pictured) help distinguish Russo from big-box stores and other competitors. The company maintains a loaner program that provides customers with comparable equipment until their machine is ready.

over the years. For instance, the dealer introduced wintertime equipment service and storage in response to customer feedback.

Special events, too, play a role in supporting the company culture. These range from open-house barbecues and luncheons where employees cook for guests, to staff-only events. Free popcorn is always available in the showrooms, contributing to a festive atmosphere.

A DISTINCTIVE EDGE

Russo's success is also heavily predicated on measures taken to distinguish itself from other independent OPE dealers, as well as from big-box players. This means going beyond repair assistance with a menu of services most dealers and large home improvement merchants cannot provide. A popular fleet management service — in place for 25 years — tops the list. Under this umbrella, Russo's professionals assess commercial customers' existing fleets to determine whether their equipment is appropriate to suit current requirements and run cost projections to give them an idea of the investment needed to expand their fleet appropriately.

As part of the service, the dealer will buy back customers' existing equipment and devise a creative financing program to fund new purchases. Adams noted that it is not unusual for Russo to "clean out" and arrange for complete replacement of a

customer's entire fleet in the process.

Meanwhile, Russo has 12 trucks on the road at any given time, ready to assist customers experiencing equipment trouble. "If a mower goes down, we can use GPS to find the nearest truck and have another mower to them promptly," Adams said. Additionally, a loaner program — in place for 15 years — allows customers whose equipment has been brought in for repair to borrow a comparable machine until their own is ready.

In another vein — but for the same purpose — Russo's approach to inventory assortments differs from that of its competitors. While many dealers have consolidated lines and brands, Russo continues to take the opposite approach. Each showroom carries an average of more than 1,000 SKUs of power equipment, plus parts, winter goods, tools and accessories. Utility vehicles joined the roster of featured categories four years ago. Other products not typically sold by OPE dealers (e.g. turf, grass seed, and fertilizer) are readily available, as is a private-label line of hand tools and lawn care products.

"The private-label lines are great for promoting the Russo brand in general," Adams asserted. "We have a strong brand identity." That identity is also promoted by the prominent display of the Russo name on all of its trucks and on attire worn by employees in the showrooms and warehouses.

COVER STORY



While many dealers have consolidated lines and brands, Russo's expansive showrooms each carry more than 1,000 SKUs of power equipment, plus parts, winter goods, tools and accessories from a broad range of manufacturers. (Above photos and bottom left photo provided by Keith French Photography)



According to Russo President Eric Adams, "Customers value the option of being able to choose from different vendors in every category."



Russo has a fleet of vehicles, with 12 trucks on the road at any given time, to promptly assist customers.

On the mower front, customers can find options from BOB-CAT, Kubota, Scag, Toro and Wright. Handheld equipment lines include Echo, Husqvarna, RedMax, Shindawa, Stihl and Tanaka. Construction equipment vendors range from Avant, Wacker and Dingo to EDCO, Holder, Kubota and PermaGreen. In trailers, vendors represented are Felling, Midsota and Pace, while winter equipment brands include Arctic, Ariens, SnowEx, Steiner and Toro.

"Each manufacturer has its strengths, and customers have their personal preferences," Adams noted. "Customers value the option of being able to choose from different vendors in every category."

Adams estimated that price points can top out at \$75,000. In rare instances, however, a piece of equipment will ring up at more than \$100,000 by the time it has been fully "suited up."

Moreover, to attract and accommodate customers who want to expand their fleets, but may not have the financial resources to do so, Russo holds an annual event where used equipment — often bought from fleet management clients — is auctioned.

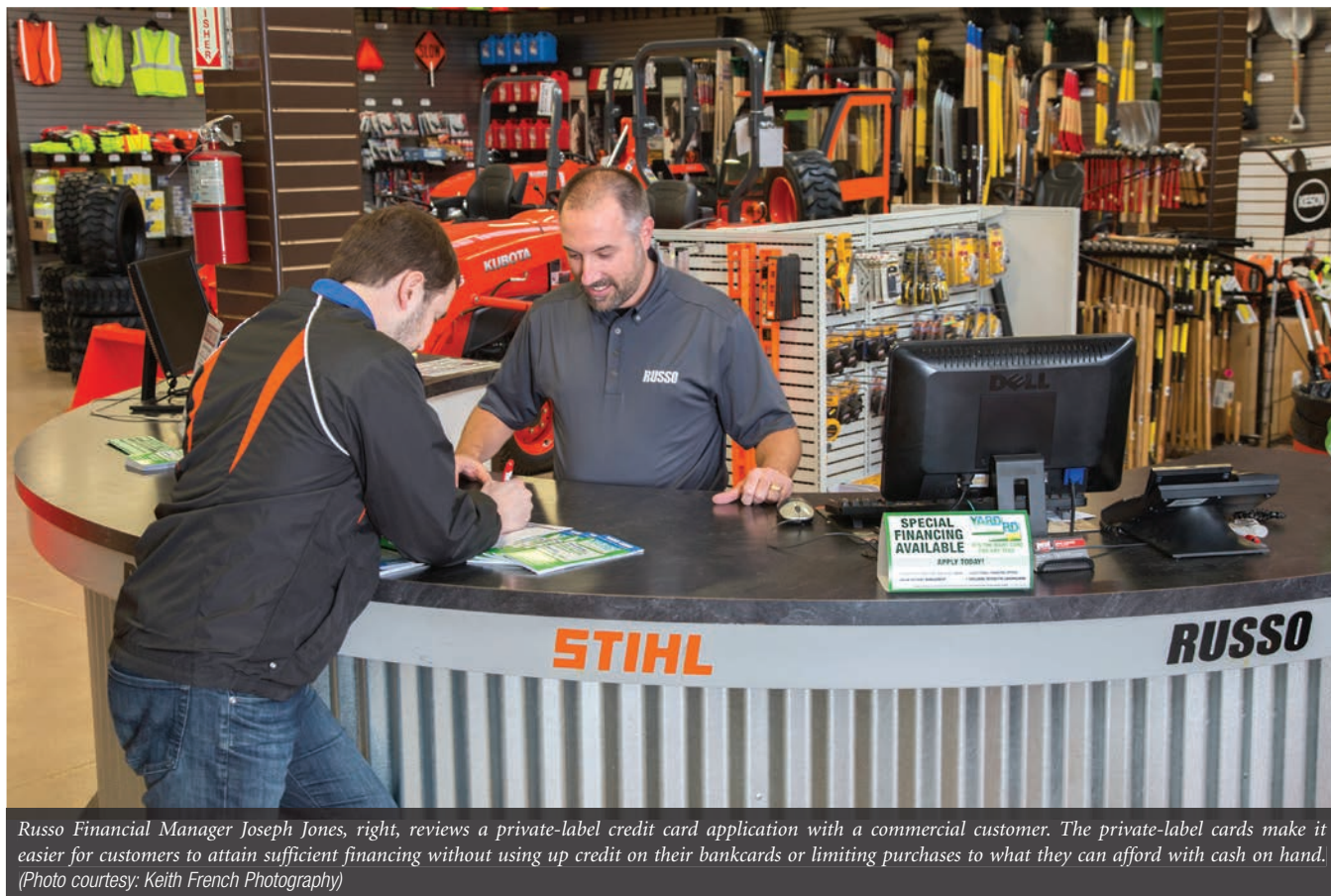
"Customers value the option of being able to choose from different vendors in every category." — ERIC ADAMS

"It's a 'win-win' for everyone — the people who want good used equipment, the people who want to sell it back so they can get something new, and us," Adams explained.

PRIVATE-LABEL CREDIT A PLUS

Merchandise isn't the only private-label component that helps set Russo apart from the pack and benefits its bottom line; a comprehensive private-label credit program has a similar effect. The dealer gives customers the option to apply for house accounts, but also offers revolving credit — notably via a program executed through Mahwah, N.J.-based TD Retail Card Services. Commercial customers can apply for TD's Yard Card Plus; residential customers, for its Yard Card. Most applications are approved, and the bank regularly works with Russo to increase the likelihood that applicants can obtain the highest possible credit limit to fit their current financing needs, said Joseph Jones, the dealer's financial manager.

Russo implemented the program in 2005, soon after opening the Schiller Park location. "At that point, we were looking to expand the credit options we could provide to our customers, and had an established relationship with a TD representative from when he was affiliated with another company," Adams explained. "So, the time and the fit were right."



Russo Financial Manager Joseph Jones, right, reviews a private-label credit card application with a commercial customer. The private-label cards make it easier for customers to attain sufficient financing without using up credit on their bankcards or limiting purchases to what they can afford with cash on hand. (Photo courtesy: Keith French Photography)

The cards free up capital needed to run Russo's business and make it easier for customers to attain sufficient financing without using up credit on their bankcards or limiting purchases to what they can afford with their cash on hand. "This is especially helpful during the spring months, when landscape contractors are gearing up for the season," Jones said. It also gives customers an alternative avenue for funding repair jobs they may otherwise delay, and makes them more open to appropriate upselling efforts by showroom staff.

"Our customers really like the flexibility of these cards," Jones said. "Although many also have a house account, they use the Yard Cards to the fullest extent possible because TD offers extended terms along with frequent special promotions.

"So, for example, if a customer is debating between buying one or two machines, those with a Yard Card can go with two. If they are looking for just a mower, they can easily see their way to getting a line trimmer and a blower, too."

Jones pointed to Russo's concerted efforts to make the Yard Card and Yard Card Plus application processes as easy as possible. This includes customers' ability to download and print an application from Russo's website (www.russopower.com) and bring it with them to the dealer for quick processing.

Russo is currently TD's number-one Yard Card dealer and has ranked among its top-five dealers for the past 12 years. About six

sales totaling more than \$100,000 apiece are financed by Russo on Yard Card Plus annually, according to Michael Lupo, TD's vice president of account relations. Lupo credits that success to deliberate efforts by Russo employees to promote Yard Card and Yard Card Plus as a first financing avenue "to every customer that comes into the showrooms." Signage, prominently displayed on countertops and out on showroom floors, helps to push the envelope, as does promoting the program in store catalogs.

POISED FOR GROWTH

Looking ahead, Adams said Russo will continue to explore expansion possibilities — including moves beyond Illinois — after the Elgin location makes its debut. The Frankfort facility draws some of its business from Indiana because of its close proximity to the border, while Hainesville serves some clientele from Wisconsin.

"We can definitely see operating out of state in the near future, and our leadership team is always up for the next challenge," Adams said. "As always, we will continue to position our business to service our industry, even if it goes against the grain." **OPE**

Julie Ritzer-Ross is a freelance writer who regularly writes about retail technology, operations and payment systems for various industry publications.