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Leave the work to the kids — they could be future stars

Family values at dealerships bring next generation to stores on Bring Your Kids to Work Day

BY **ABBY LARSON**

■ STAFF REPORTER

We can all agree that making a career in the powersports industry is one of the best paths anyone could take. It's easy to get wrapped up in day-to-day dealership life, putting out fires each day and focusing on sales, but what about the future? In April, many dealerships brought the future of the industry into their stores to experience a day in the life of powersports.

On Bring Your Kids to Work Day, DHY Motorsports and Red Hills Powersports took advantage of the day to bring their kids to the storefront and show them exactly what dealership life is all about — and what makes it so appealing.

Casie Giddens, director of marketing and

communications at Red Hills Powersports in Tallahassee, Florida, first got the idea to throw the event after seeing how much her kids enjoyed being at the dealership.

"My two boys love coming to the store," she told *Powersports Business*. "I figured, why not make a day of it and have other employees bring their kids so they can all experience dealership life and have a fun day?"

Seven kids ranging in age from 8 to 15 made the dealership home for the day, where Giddens immediately put them to work. First on the agenda was putting them in her shoes by getting them into the marketing mindset. Activities included brainstorming ideas to increase customer engagement, such as coming up with new logos for the dealership, creating ads for their favorite motorcycle or ATV, creating posters for upcoming sales, and more. Of course, those seven creative minds generated new, innovative ideas that gave Giddens plenty of insight.

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A Yamaha Viking VI gets a thorough cleansing at Red Hills Powersports in Tallahassee, Florida, by some participants of Bring Your Kids to Work Day. Photo courtesy of Red Hills Powersports

Tucker looks ahead with renewed focus

CEO Hugh Charvat optimistic for MAG brands in 2019

When Motorsports Aftermarket Group (MAG), owner and operator of several industry brands — including Tucker, Dragon-Fire Racing, Kuryakyn, Progressive Suspension, QuadBoss, Vance & Hines and J&P Cycles — filed for Chapter 11 bankruptcy in 2017 as a means of eliminating \$300 million in debt through a "debt for equity exchange," there were plenty of industry doubters about MAG's ability to bounce back.



HUGH CHARVAT

Now, nearly two years later, MAG leadership changes and the recent announcement of independent operations for those brands has MAG and its properties showing new signs of life.

Powersports Business recently caught up

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Generation X buyers boost PWC growth

Lightspeed data shows Gen X buys 43 percent of all PWC sold at dealerships

As consumers get into prime buying season for personal watercraft, be on the lookout for Generation X customers walking into your dealership to see their next option for fun on the water.

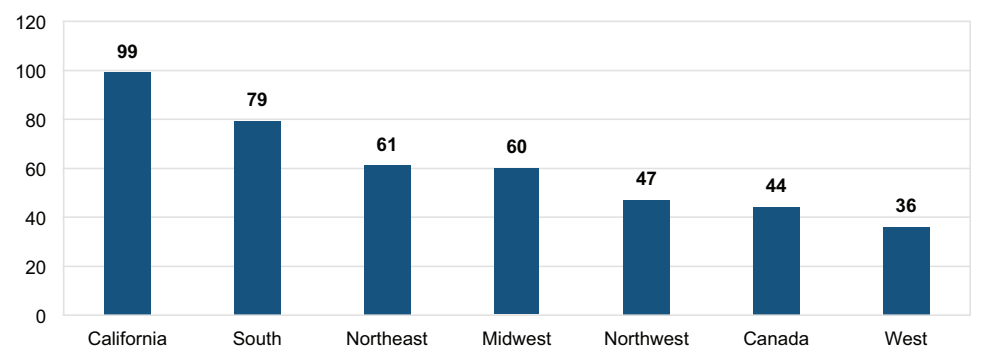
Data released in May by the National Marine Manufacturers Association shows that sales of new personal watercraft in the U.S. rose 8 percent to 69,000 units in 2018. With a growing number of dealerships adding watercraft brands like Sea-Doo, Yamaha and Kawasaki to their lineup, the summer is the prime time to get prospective PWC buyers through the dealership doors. Who are those buyers?

According to a study by CDK Global Recreation of Lightspeed DMS users that was provided exclusively to *Powersports Business*, Generation X buyers are the largest consumers of PWC, purchasing 43 percent of all units sold at the dealership level.

This study focuses on transactions from 60,000 personal watercraft units sold between April 1, 2018, and March 31, 2019. This study only includes units where the VIN number can be decoded to identify the exact

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AVERAGE PWC UNIT COUNT SOLD PER YEAR BY DEALER BY REGION
60,000 UNITS SOLD FROM APRIL 1, 2018 - MARCH 31, 2019



Source: CDK Global Recreation



Sales of new personal watercraft in the U.S. increased 8 percent to 69,000 units in 2018. Photo courtesy of Sea-Doo



Side-by-side registrations see strong growth in Austin, San Antonio areas

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AFTERMARKET

MAG

■ CONTINUED FROM THE COVER

with Hugh Charvat, named CEO of MAG one year after the Chapter 11 filing, to learn more about the Tucker prospectus.

POWERSPORTS BUSINESS: *We've seen Tucker go through some tough times in recent years. Can you tell us how 2018 shaped up for Tucker?*

HUGH CHARVAT: Last year was a rocky year for Tucker — no pun intended. I joined in November 2018 so I came in pretty late in the year. Looking back from the point I joined, any time a business goes into a Chapter 11 of reorganization and then comes out, it's tumultuous no matter what. Not only is

it a massive distraction for the company, it's an opportunity for competitors. On top of that, it's a strenuous, challenging event for employees. Despite the bankruptcy, the first 10 months of the year were decent.

It wasn't until the end of the year 2018 that we started to see a fair amount of softness. Unfortunately, that carried over into this year as well. The atypical weather we've had across the country this year has kind of softened that 'peak' that we historically see in powersports. We normally see an increase in parts demand for our dealers this time of year, but that's not the case this year, unfortunately. Southern California and the northeast have seen record rainfall, and the rest of the country has had abnormal weather patterns as well. Our dealers have expressed how tough this spring has been. That has made it a bit more of a challenge. We were feeling positive on the outlook for the

year, but the normal seasonality that we're used to has shifted because of the weather.

PSB: *What were some things that caught your attention when you came on board late last year?*

HC: For one, some of the best people in the industry are passionate about the brand and passionate about the industry. This is one of those industries that is really rare and unique because people are so passionate about what they ride that sometimes they'll even go so far as to tattoo their favorite logos on their bodies. I haven't seen that in other industries that I have been part of in the past. The other thing that struck me was looking at where, historically, the business came from. The whole strategy for this vertical was really flawed; it was something that probably looked great on paper, but in practicality really didn't work

that well. We needed to find a way to unwind or undo that to get the brands back to what they really do well, which is to go out and serve their customers and be aggressive in the categories that they serve in the marketplace.

PSB: *What are some strengths that Tucker is bringing into the 2019 summer season?*

HC: We're working to get back to the core competencies, which include taking care of dealers, being able to bundle multiple products and brands in a box and having the capability to deliver that product and expedite it. Between the five distribution centers, we can normally get deliveries to customers within 24 hours.

The Tucker show in January was exciting for us as well because we were able to really see the passion and the renewed optimism not only in the Tucker sales force, but also the 168 manufacturers we had there. Seeing them excited about the opportunities that

That's the bright spot of the outlook for 2019; it's kind of a renewed focus, not only on the dealers but being able to service those dealers.

Hugh Charvat, CEO of MAG

2019 will bring was refreshing. It's really all about Tucker getting back to its knitting and what we do well. That's the bright spot of the outlook for 2019; it's kind of a renewed focus, not only on the dealers but being able to service those dealers.

PSB: *Let's talk about the news of Tucker and the other companies under MAG becoming stand alone businesses. How is Tucker different now versus before being a stand-alone business?*

HC: This transition is bigger than just Tucker. Tucker is one of the bigger business units, but this is more of a holistic strategy. We're going to focus on its core capabilities and transition to a focus on the customer base in the industry. Through this vertical, Tucker became a 3PL (third-party logistics). That wasn't part of the core competency prior to the acquisition of Tucker and the MAG brands. We put a lot of operational responsibility on Tucker. Not only did that create a potential distraction, it also created some inefficiencies. Unwinding that and getting Tucker back to what they focus on and what they do, which is smaller shipments to dealers on a more frequent basis and servicing those dealers, is really their sweet spot. The benefit for Tucker is getting back to what they do well and not being distracted by some other things that were laid upon them because of this forced vertical.

PSB: *What about the J&P Cycles operation? What does this mean for them?*

HC: Similar to Tucker, we're looking to create that independence. By creating a separation, Tucker is no longer going to be a required point of J&P, meaning that if the company wants to go out and bring in a different product line, they can certainly do that. This allows Tucker to retrench in its product lines and with the service levels that they believe are in the best interest of its dealers, not necessarily having to tilt toward J&P. They serve the market differently, which gives them the

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Powersports Business and AIMExpo join forces for the seventh consecutive year to deliver the most comprehensive educational lineup in the powersports industry.



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29	30					

MAG brand units get independence with new approach

Motorsport Aftermarket Group (MAG) recently announced a significant change to managing the multi-brand organization to its 1,500 employees.

“We’ve asked each of our senior leaders to focus 100 percent of their efforts on creating value, delivering growth and expanding the entrepreneurial mindset within their business unit and their brands. When we do this, we will become more nimble, more aggressive and have a greater focus on the market and on our customers. We’d rather have a portfolio of successful companies with complete independence than force them to integrate, which turned out to be detrimental to several of our brands,” said Hugh Charvat, CEO of Motorsport Aftermarket Group.

“While our business units will continue to collaborate where helpful, there will be no corporate mandate to do so. And we’ll ensure complete independence between Tucker Powersports, J&P Cycles and our four other business units by making them stand-alone

businesses. This demonstrates our commitment to supporting our dealer customers.”

“We now have great talent leading each of our business units, so the board and I feel that this is the time to unleash those individuals and all of our great employees to return our brands to the status they’ve enjoyed in the past without the operating restraints that have been in place as MAG.”

Known internally as “Unwinding the Vertical,” Charvat indicates that the change will be good for all the company’s stakeholders. “Aggressive companies led by great leaders will certainly have a positive impact on the powersports industry. Our goal is to lead in every product category where we compete.”

“We’d rather have a portfolio of successful companies with complete independence than force them to integrate.”

Hugh Charvat, CEO of Motorsport Aftermarket Group

In the past several months, MAG has pursued and hired top industry talent to fill significant roles including powersports industry veterans Mike Kennedy, Greg Heichelbech, John Potts and Greg Blackwell.

MAG is based in Coppell, Texas, and includes six independent business units which manage 18 consumer brands. The company’s brands include Answer, BikeMaster, Burly, First Gear, Dragonfire Racing, J&P Cycles, Kuryakyn, Mustang Seats, Performance Machine, Progressive Suspension, ProTaper, QuadBoss, Roland Sands Design, Speed and Strength, Tucker, Tucker V-Twin, Twin Power and Vance & Hines. MAG business units employ 1,500 people throughout the U.S. **PSB**

MAG

CONTINUED FROM PAGE 36

flexibility to go out and compete in that state without having to drive business or activities through Tucker or other business units. It gives J&P flexibility but also gives those other business units independence to decide what they want to do. There’s no longer a corporate mandate that they must communicate, collaborate or conduct business. It has to be in the best interest of the business unit to do so. We’re crafting these plans so that, by the end of the year, it will become evident to our customers most on the e-commerce side as well as on the dealer side that that independence is really being fortified.

PSB: How will this business operation benefit brick and mortar dealers?

HC: There are things that J&P is working on that will, in the future, allow them to liaise more effectively with the brick and mortar dealer and actually drive volume through them. There’s this belief that Tucker and J&P are more intertwined than they needed to be, and there have even been complaints that people don’t like that J&P is apart of MAG. But now, the J&P team will have control of the relationship with dealers. We’re trying to find clear swim lanes for our business units to minimize any problems perceived by the brick and mortar dealers.

PSB: You’ve hired industry veterans to head up each business unit. How will their expertise benefit each business going forward?

HC: This is a very unique industry. Bringing in people who understand all the dynamics and the nuances of the industry while also having a good core set of capabilities, whether it be commercial, operational, logistics, etc., is invaluable. Having that expertise not only allows them to get up to speed much more quickly in their roles, it gives them credibility. The industry veteran has a much lower learning curve than someone who may come in with less experience, along with a greater level of acceptance early on by the industry. You won’t always be able to hire an industry veteran in all cases, but where that individual exists and they have that skill set, I’m going to pursue that person first and foremost over other people who might have the equivalent skillset, but not the industry experience. **PSB**



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1:00 PM “Driving dealership sales volume and profit through the (8) Professional UTV verticals”

JW Washington, Director Business Development, Ariens

Applicable strategies and tactics to effectively target and secure UTV sales via targeted approach of the (8) distinct UTV professional verticals.



2:00 PM “17 Ways to Use Omni-Channel Marketing to Sell More UTVs”

Eric McMullen, Marketing Manager at Team WinnebagoLand

Learn about the groundbreaking digital marketing techniques Eric brings to this multi-line powersports dealership.



3:00 PM “Showcasing the UTV Market Strength in 21 Data Points”

John Kmitta & Dave McMahon, editors from two industry-leading magazines, Powersports Business and Outdoor Power Equipment

Learn how dealers are capitalizing on UTV sales to both the work/commercial and rec/fun segments, with data to back it up. See exclusive data that supports the growing trend of parts and accessories becoming a pivotal profitability stream for your dealership.



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