

# New Holland Rochester's Diversity Plans for the Future

Taking calculated risk on new products and services is opening doors for this dealership.

Jack Zemlicka, Technology Editor

Jim Straeter has never been one to rest on his laurels when it comes to running a successful farm equipment business.

The owner and operator of New Holland Rochester in Rochester, Ind., prides himself on taking chances — albeit calculated ones — always with an eye toward the future.

Whether he's opening up a precision farming-specific store or investing in solar energy, Straeter is always moving forward.

"There is so much opportunity out there that I just don't have enough time to get after it all," he says. "That's what worries me."

But beyond the unavoidable limitations of a 24-hour day, Straeter acknowledges the comfort in knowing that a little ingenuity can go a long way toward keeping a dealership economically viable.

Straeter bought the New Holland

## New Holland Rochester

Rochester, Ind.

**Year Founded:** 1984. Jim Straeter purchased the Rochester dealership in 1987. He purchased three other New Holland dealerships in Indiana — Logansport (1994), Rossville (1997) and Bluffton (2008)

**Major Lines:** New Holland

**Shortlines:** Kinze, Kuhn-Krause, Unverferth, Grasshopper, Hiniker, Woods, Haybuster, Rem and Hoelscher. New Holland Rochester is also a solar panel distributor for Kyocera Solar Inc.

**Employees:** 28

Rochester dealership in 1987, four years into its existence. He was a company store manager at the location and purchased the dealership through New Holland's dealer development plan.

During the next 21 years, Straeter acquired three other New Holland dealerships in Indiana — Logansport (1994), Rossville (1997) and Bluffton (2008).

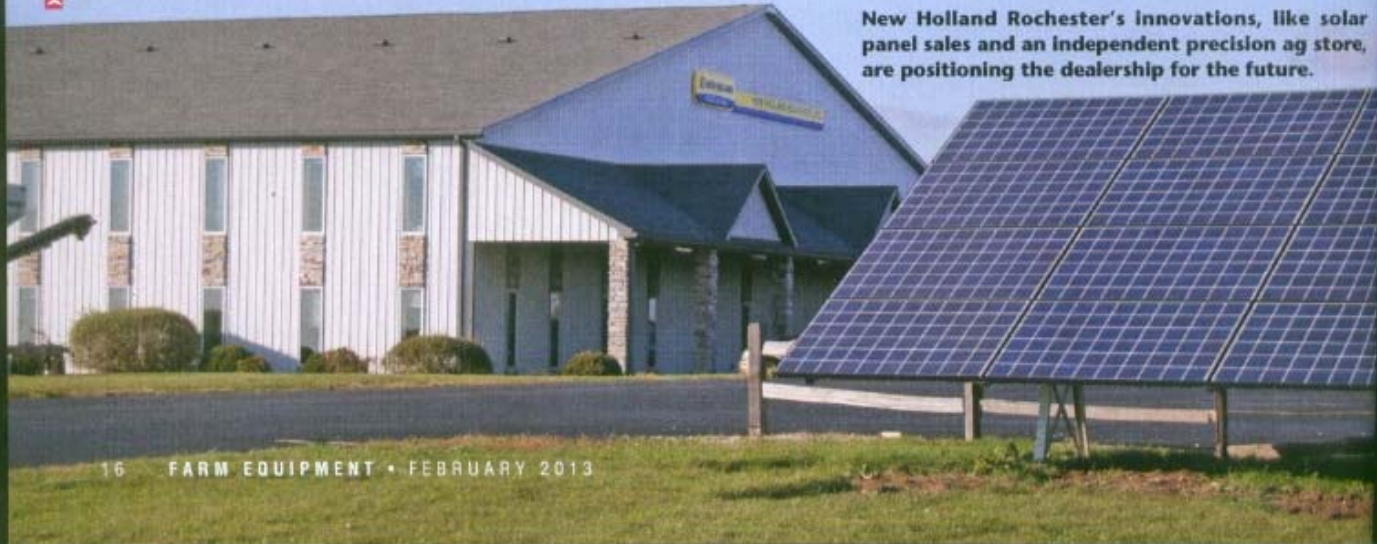
His general philosophy of putting customers first hasn't changed since he bought the New Holland Rochester dealership more than a quarter-century ago.

But Straeter recognizes that the cost of machinery and demands for service have increased dramatically — especially in the last decade — challenging owners to become innovators, not just business managers.

"Today, it takes more capital because machine prices are up 50% vs. 10 years ago," he says. "It also takes a much higher level of service and sales capability, because the machines farmers demand today are much more technology-rich

*Continued on p.18*

**New Holland Rochester's innovations, like solar panel sales and an independent precision ag store, are positioning the dealership for the future.**





“We’ve had better luck with customer training events and focusing on the precision side, because they have a place to come...” — Lanty “Spud” Armstrong



than they were 10 years ago.”

### Moving Into Precision

Early on, Straeter realized the need to invest in precision farming technology as a way to expand his dealership’s reach and initially serve as a complement to iron sales.

New Holland Rochester started by selling Ag Leader yield monitors in the late ‘90s to test the precision appetite of customers in the area.

“We bought a fertilizer spreader and rented it out for GPS application of lime and fertilizer,” Straeter says. “Our farm customers didn’t have GPS guidance back then, so that was our first

experience with it and we’ve grown from there.”

The dealership added a full-time precision technician in 2004 to sell and service technology, but as customer demand continued to increase, Straeter faced a business dilemma.

Although New Holland Rochester settled into a new building in 2001, there was limited space for establishing the type of precision farming department that Straeter envisioned for the future.

So, he decided to open a separate store in January 2011 — Ag Technologies — to be the precision sales and service hub for all four of his

New Holland locations in Indiana.

“You can be half good at a lot of things or darn good at two things, so we went the specialty route,” Straeter says of the decision to split the precision business from the New Holland Rochester dealership. “That’s the bottom line.”

The six-person staff at Ag Technologies sells and services all of the precision products — which include Ag Leader, New Holland, Raven and Trimble. The only new farm equipment sold through the store are sprayers, because they complement the precision product lines, notes Straeter.

New Holland Rochester — located 150 feet from Ag Technologies — employs 28 people and offers a full-range of New Holland farm equipment, as well as shortlines like Kinze, Kuhn-Krause, Unverferth and Grasshopper.

While the iron dealership laid the foundation for Ag Technologies, the precision-focused business operates as an independent entity.

Straeter acknowledges this was a bold move, especially since other farm equipment dealerships in the area had tried — and failed — to spinoff their

*Continued on p.20*

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### DEALER TAKEAWAYS

- Avoid overburdening farm equipment salespeople with having to explain and price precision farming products.
- Do your homework before opening a precision-only dealership and make a statement to your customers when you do.
- Think outside the box with products like solar panels when looking to expand your dealership’s reach.







New Holland Rochester began selling New Holland sprayers through Ag Technologies in 2011 as an equipment partner to the precision farming products sold.

precision farming operation into a separate business.

"There was a stand-alone store that is no longer there in Monticello that was going to do what we're doing with Ag Technologies," he says. "They quite frankly, didn't have the horsepower. Farmers bought stuff there thinking it was a specialized business and then, poof, they were gone. Those customers were left hanging high and dry."

This isn't a mistake Straeter plans to repeat.

### Sending a Message

He did his homework before opening the doors at Ag Technologies and benefited from having an available space.

After New Holland Rochester vacated its original building in 2001, which Straeter owned, he rented the space to a Polaris dealership, until 2010.

"They closed their business, so we had a facility available to start Ag Technologies," he says. "It really was an ideal situation to set up a separate location."

Even if the old New Holland Rochester building hadn't been vacant, Straeter says he would have proceeded with an expansion of the precision division, by building out the farm equipment facility.

He wanted to avoid any confusion for customers as to where they should go for their precision farming needs.



Ag Technologies — located 150 feet from New Holland Rochester — opened in 2011 as an independent business to sell and service all the precision farming products sold through all four of owner Jim Straeter's New Holland equipment dealerships in Indiana.

"I would have expanded this building or built something onto this building to make it a separate business," he says. "A tech who knows how to fix a baler or knows how to take care of a combine isn't going to be skilled in precision items because, they have little to do with precision stuff and that precision stuff moves so fast."

But by opening a separate store, Straeter says he also sought to make a statement about the dealership's commitment to technology both in the present, and heading into the future.

"We wanted to send a message that precision is important enough to have a separate, specialized group of people dedicated to it," he says. "Not that you couldn't do that within the same physi-

*Continued on p.22*

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— Jim Straeter



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cal facility, but it's harder. People visually see that precision farming is over there and New Holland is over here. It speaks for itself.”

Lanty “Spud” Armstrong became the manager at Ag Technologies after working for nearly seven years as the precision farming specialist at New Holland Rochester.

For him, the move to a new store improved efficiency and gave the precision side room to grow.

“Keeping track of the precision inventory has been a lot easier, because our parts used to be buried in with the other stuff,” Armstrong says. “Keeping track of sales and what stocking inventory we have has been a lot easier too, because we have our own separate store.”

That wasn't the case during Armstrong's time as a precision specialist working out of the New Holland Rochester dealership. He did everything from precision sales to installations and troubleshooting.

Armstrong initially managed the diverse workload because the dealership was only selling about \$60,000 in precision equipment per year — mostly yield monitors on combines.

“When I started, Jim's philosophy was, we didn't really have to make any money off of precision equipment, so long as I was driving people in the door to look at New Holland equipment,” Armstrong says. “Maybe a quarter of my precision business went on New Holland equipment, but I was fine adapting and working on everybody's stuff.”

That strategy helped channel business in the door for New Holland Rochester, especially on the precision side.

After the addition of Armstrong, precision equipment sales grew nearly 25% annually for the first few years and reached \$200,000 in 2010.

Straeter hired a full-time precision technician at New Holland Rochester to lighten the load on Armstrong, but he also began to notice a troubling trend throughout his iron dealerships.

As customer demand for precision products increased, he and other equipment salespeople were increasingly

*Continued on p.24*



## Straeter Showcases Inventive Side With Cornrower

Customer service has always been the most important aspect of running a successful farm equipment dealership for New Holland Rochester owner Jim Straeter.

Sometimes that means taking the initiative to make life a little easier for customers. In 2011, Straeter invented and patented the Cornrower, a tool that creates a corn stover windrow on the same pass as the corn is harvested by the combine.

The system works by catching the stover under the stalk rolls, preventing it from contacting the soil while chopping it into small pieces.

The attachment fits on a New Holland 99C chopping corn head and has been tested and approved to be used on New Holland CR combines equipped with the high-speed header drive.

"A dealership must not only be able to service the machines that are sold, but also must be able to have those machines integrate into the farm operation of one's customer," Straeter says.

The Cornrower is manufactured by Craig Welding of Mentone, Ind., and was recognized with a 2012 AE50 award for its innovation.

The attachment chops the stover as it delivers the material to the windrow and produces baler-friendly material length that packs easily and feeds uniformly. Field tests have shown that the Cornrower improves baler intake rate, bale density and bale shape compared to conventional chopping/raking or shredder/windrow systems.

One of the goals for Straeter in developing the Cornrower was to offer a product to customers that improve their efficiency in the field — and simplify baling — especially as they demand more from their machines.

"It's not going to be good enough to sell a baler and make it tie, for example," he says. "The dealership must be able to make the baler harvest all kinds of crops from hay to corn stover. It must also be able to record the moisture, bale weight and record which fields the bales came from."

"This scenario will apply to machines like combines and tractors too as farmers get bigger, demand more information from machines and demand machines that can do multiple tasks in the field."

faced with pricing questions — such as the cost of auto-steer on a new tractor — that they weren't equipped to answer.

"As a business owner, I saw that happening," Straeter says, "and it was getting difficult to serve the customer and get the right equipment to them."

## Relieving the Burden

With only a two-person precision farming team trying to cover growing customer needs at all four of Straeter's New Holland dealerships, the pressure on the equipment sales force to lend a hand was taking its toll.

While Straeter says he has a strong relationship with New Holland, the expectation to sell more equipment and maintain higher levels of customer service increases each year.

He didn't want to jeopardize that obligation by hindering the ability of his equipment sales team to sell farm equipment, which was one of the reasons he opened Ag Technologies.

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equipment salespeople throughout our dealerships is huge," Straeter says. "Tractors, sprayers, planters, choppers and windrowers all need precision.

"If you came into New Holland Rochester and said, 'I want to buy a tractor and I want the steering system on there,' then holy cow, I would have to get fluent enough on that to make sure I don't mislead you, sell it for the wrong price or whatever."

Now, Straeter says he or any other equipment salesperson can call Ag Technologies and quote the right price in a timely manner, which customers appreciate.

The payoff for the dealership is customer loyalty.

"Everybody at Deere, Case, etc., is trying to keep their customers that drive their color using their brand of precision for obvious reasons," Straeter says. "I don't know of a single person running our equipment that is using another brand of precision stuff."

While Armstrong is the precision sales manager, the other employees at Ag Technologies are qualified to advise customers on the best technology to partner with their farm equipment.

New Holland Rochester salespeople don't have to be experts on precision, Straeter explains, because they have a resource at Ag Technologies.

"With a separate store for precision, it takes that burden off guys like me, so I can concentrate on doing other things and that alone is worth a lot," he says.

For Armstrong, the independence of Ag Technologies allows for a more focused delivery of precision farming products.

One of the problems that Armstrong encountered while working inside New Holland Rochester was when customers came through the door he was rarely the first point of contact for them if they were interested in precision equipment.

"A lot of times, I didn't even talk to them," he says. "Now, we've had better luck with customer training events and focusing on the precision side, because they have a place to come.

"It could have been done at the other store, but it would have taken

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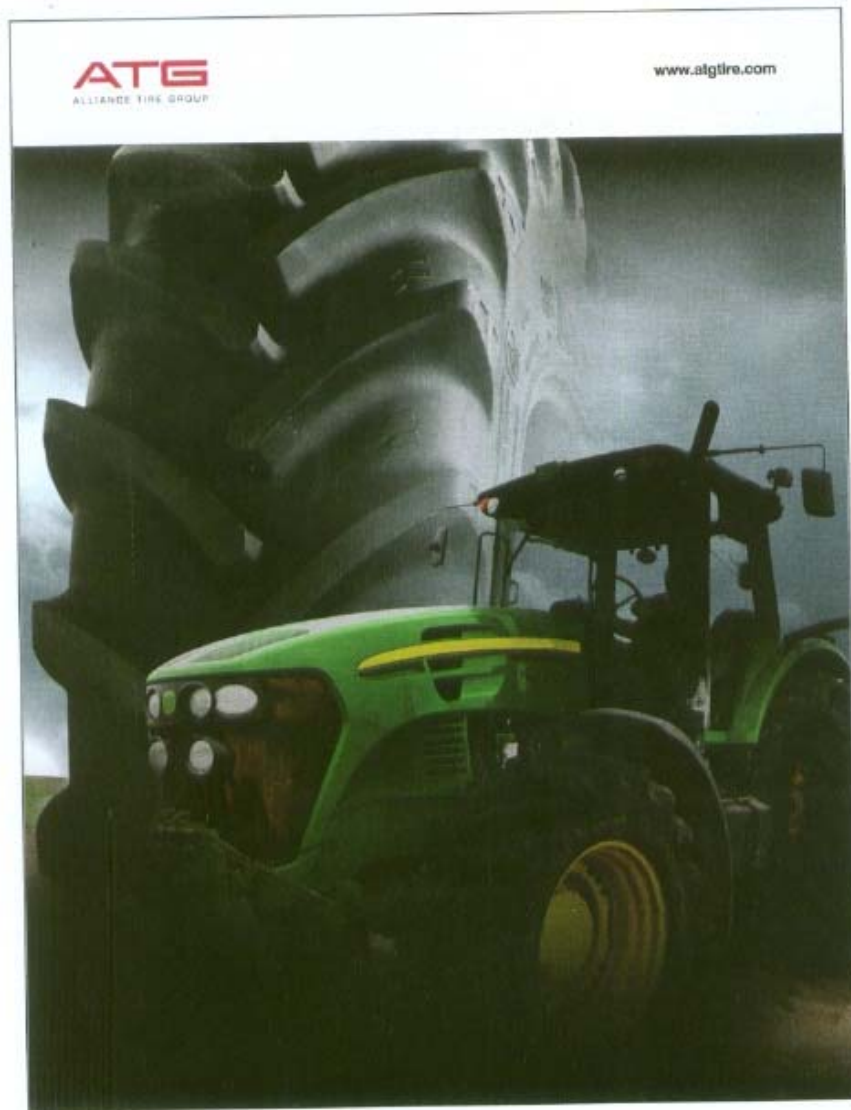


away from all the other equipment. Now, we're getting people come in here who specifically want precision products."

Straeter says the ability to cater more specifically to the needs of customers will drive sales of more expensive farm equipment in the future, backed by the best farmer balance sheets he's seen in decades.

His plan is to grow his farm equipment business from within and through partnerships or acquisitions of neighboring stores, should the opportunities arise.

"We will expect to grow our business by having the best service support in the area because that is the single most important driver of customer growth," he says.



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## Room to Grow

Straeter has already seen considerable growth in his precision farming business since the opening of Ag Technologies.

In its first year, the business recorded nearly \$600,000 in precision product sales — triple the amount sold during the last year the operation was inside New Holland Rochester.

"With the level of farm income rising the last 4-5 years, some guys are buying stuff they probably wouldn't buy, don't need to buy, but it's nice to have, so they do it," Straeter says. "We need to be able to keep pace with that."

While precision sales have continued to thrive at Ag Technologies, the dealership is still looking to establish its sprayer line.

Prior to 2011, New Holland Rochester had never carried sprayers and Armstrong says they have been slow to sell, despite having two salespeople dedicated to sprayer sales.

"I'd say sprayers accounted for about 75% of our overall sales at Ag Technologies last year, but only 10% of the invoices, and it was tough again this year with the drought until after harvest," he says. "I can see the greater picture as time goes on, but it will probably take 2-3 years to really establish the sprayer business."

Rather than stock the sprayers through New Holland Rochester, Straeter says he sees greater potential for sales as part of the precision technology business.

"I knew we couldn't take the sprayer on here and become a successful sprayer dealer without taking away from something else," he says. "Since we had to have the staff to accommodate the products, it made sense to sell them through Ag Technologies."

Straeter is planning to hire another precision farming specialist at Ag Technologies in May to stay ahead of customer demand, which he expects will continue to grow. His goal is to double the market value of precision farming products sold by Ag Technologies in the next five years.

"I think the use of precision on the farm will only continue to increase,"

Straeter what's going for us that

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Straeter says. "If precision isn't part of what's making farming more efficient going forward, there are a whole lot of us that made a huge miscalculation."

### A New Venture

Never one to throw all of his progressive eggs in one basket, Straeter recently expanded New Holland Rochester's reach into a new industry: solar power.

Throughout 2012, he installed two arrays of solar panels at the Rochester dealership and also became a distributor for Kyocera Solar Inc., based in Scottsdale, Ariz.

"I made the decision to get them installed here and if I couldn't make them work for me, I didn't want to try and sell them," Straeter says. "I was pleasantly surprised and the dealership's electrical use is now 100% made by solar energy and one 10-kilowatt wind turbine put up in 2009."

(Visit [farm-equipment.com](http://farm-equipment.com) and search "solar" to view an exclusive video of Straeter further discussing his investment in solar energy).

So far, New Holland Rochester has sold eight solar units to local customers and Straeter subcontracts with a local electrician to do the installs. A 32-panel array and wiring can run about \$25,000, and Straeter says pay-back time after tax credits is reasonably short for farms that want to trim energy costs.

"Fundamentally, I see dairy farms using energy like a black hole," he says. "I think there is a tremendous opportunity there for us to tap into that market."

New Holland Rochester already has a salesperson dedicated to solar energy and Straeter is looking to add another in the near future.

Beyond selling the units, the goal is to attract a new segment of farm customers into the New Holland Rochester dealership.

"You'd like to think that next time the customer needs a new tractor or combine, we've got a shot at their business," Straeter says. "I'm always looking for ways to deliver better customer service and to try something new." **FE**

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