YGC readies certified pre-owned program

PEACHTREE CITY, Ga. — In a move to reach a lower price point with its golf cars, Yamaha Golf Car (YGC) has opened a reconditioning facility here near its headquarters in Newnan to handle its new certified pre-owned vehicle program.

"If price is selling golf cars, we are telling our customers that we save them money in the price of maintenance and upkeep," said Jon Bammann, division manager of new business development and off fairway vehicles. "Our car has many of the same parts that come from our ATV line so they last a long time. Our certified pre-owned program takes advantage of that longevity."

The program, which was designed for the commodity buyer, involves a full factory reconditioning of the golf car.

"We will take it through a 50-step process, add a warranty and we will sell it directly or re-lease it to golf courses," Bammann said. "We see this as a new business opportunity because it gets us to a price point where have never been before."

Ideally, the new program would roll out whole fleets of certified pre-owned cars, and with that in mind, YGC will start the program by reconditioning cars from its factory direct courses that are rolling over fleets.

— *Andrew Overbeck*

DiMino tackles Lesco's challenges

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distribution centers to reduce transportation costs dramatically.

The sales force has also been realigned to operate more efficiently. Lesco has combined its golf and lawn care operations to better serve all the people in a region and to eliminate idle salespeople. DiMino has also separated the sales and service departments so that individual roles are better defined.

> *'Novex is a great product, but it is expensive to make.'*
> **— Michael DiMino**

"With sales and service overlapping we had people who enjoyed selling who were restocking shelves," said DiMino. "Now we there isn't any confusion about what they are supposed to be doing. The sales people can now concentrate on selling."

DiMino said the changes in distribution and sales will allow for same store growth of five to six percent this year.

SHIFTING INTO REAL TIME

To better track sales from its distribution centers, Lesco has partnered with AT&T, Microsoft and IBM to improve its existing reporting system.

"Right now the stores are not in real time," DiMino said. "Fixing that will allow us to get a jump on replenishing stock, manufacturing product and forecasting sales growth."

Combining these new changes with organic growth like the expansion of its independent marketer program, which now has four members, DiMino said that going forward Lesco could approach eight to 10 percent growth in year-to-year same store sales.

According to DiMino, Lesco is already seeing the benefits of the changes that have been implemented to date. While they have raised prices one to two percent to increase margins, the new CEO reported modest sales growth and lower than expected first quarter losses.

"We have seen a recovery towards profitability because of our efforts to concentrate on productivity and efficiency," said DiMino.

However, Lesco still faces several challenges, the most pressing of which is saving its underperforming Novex specialty fertilizer brand.

"It is a great product, but it is expensive to make," admitted DiMino. "On a return on invested capital basis, it is not in the sweet spot at all. Novex by itself will probably not be a $20 to $25 million product line."

Lesco will be mixing it with its PolyPlus fertilizer to create 10- to 60-percent blends, giving its regular fertilizer the slow-release qualities of Novex. The move is expected to offset production costs while also improving PolyPlus profits.

Lesco is also watching external issues such as golf sales, which have remained flat because resort courses are still facing low levels of play. Sales from national accounts also dropped nearly five percent during the first quarter as large accounts like American Golf are in financial trouble.

"We are going to be a little more careful about the customers we are choosing," said DiMino. "We are not going to chase unprofitable business." ■

$31 million Yamaha facility to improve productivity

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stand-alone, high-tech manufacturing facility has many in the ultra-competitive golf car and utility vehicle industry wondering what the company has up its sleeve.

The concept is simple, according Horlak. "We aim to decrease costs, improve quality and reliability and add manufacturing flexibility," he said.

"Number one was cost and flow improvements," Horlak continued. "We really focused on productivity improvements because we need a low-overhead, low-cost facility."

Workers from the old factory competed with other applicants for the 100 spots in the new factory. Horlak said the low number of employees was made possible by automation, training and product simplification. "We will reduce the number of man hours per vehicle by 50 percent as a result," he said.

Quality and reliability were two other target areas.

"We have installed new welding stations with a new tooling scheme that reduces the number of transfers and increases the amount of robotic welding on the frame," said Horlak.

In addition to the 17 robotic welding stations, Yamaha also invested $5 million in a multi-step frame coating system that includes immersion cleaning, immersion corrosion protection and powder coating.

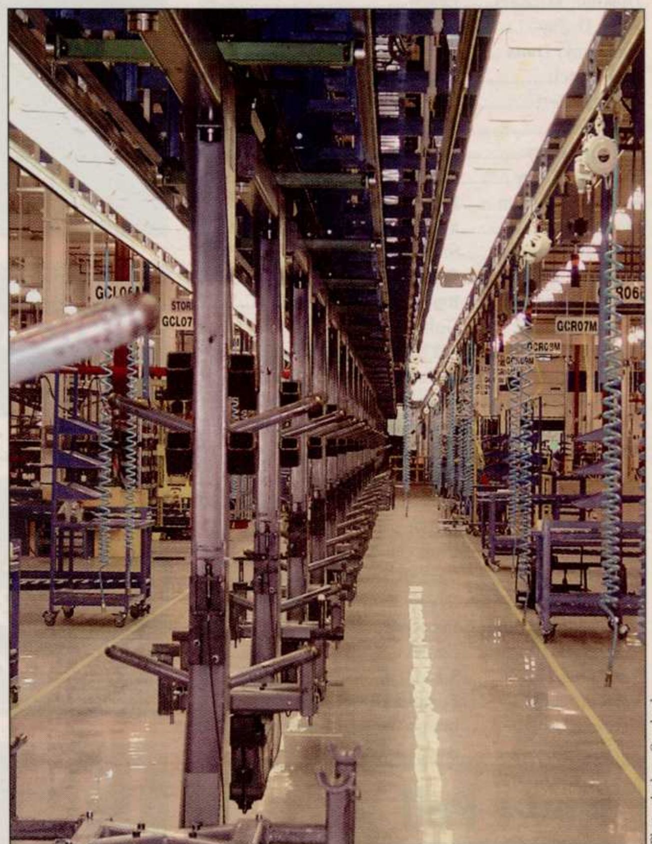
Photo: Andrew Overbeck

The production line at YGC's factory just weeks before the grand opening

"The cars have gotten even better," said Horlak. "The frame has more corrosion protection and better integrity through robotic welding. If we can deliver a better car, in a better manner at the same or better cost, we are going to start beating them [the competition]."

In addition to these investments and product improvements, Horlak said the factory will have greater flexibility to handle custom batches and options and produce vehicles on a just-in-time schedule for dealers.

EXPLORING OTHER MARKETS

The new factory, however, was not just built to handle products for the golf market. YGC has created a new off-fairway vehicles division to handle the development of new products for the company.

"We want to maintain existing customers, build our business and expand into the utility vehicle market," said Bammann. "That's why we have expanded into off- fairway vehicles and looked at it as a separate business. We are looking at where we can grow the business from a commercial, recreational and industrial standpoint." ■

Bayer

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in lost sales.

"It was to be expected that insecticides [would be divested] as Bayer already has a strong position in this segment," said Forneck. "Bayer maintains two neonicitinoids – imidacloprid and thiacloprid." He added that Bayer's primary motivation in purchasing Aventis CropScience, especially in the U.S. market, was gaining access to its strong herbicide product line and biotechnology research.

Once the deal goes through, Bayer will be the second ranked agrochemical manufacturer behind Syngenta AG. However, the company's first quarter operating profit dropped 46 percent to 493 million euros ($442 million), and Bayer officials warned that 2002 was going to be a tough year. ■