



DFK Equipment Sales Inc.

Corporate Profile

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1.0 Executive Summary

DFK Equipment Sales Inc., in business for over 30 years, sells and services farm equipment, light industrial, recreational and turf equipment dealers in Ontario, Quebec and Atlantic Provinces.

- 1) DFK offers five well trained salesmen (one bilingual) combining experience and youth for a perfect balance for now and into the future. Today these five consist of Wayne Barber; Central Ontario, Murray Barber; Western Ontario, David Chillingworth; Eastern Ontario, Yvan Bernier; Quebec, and Jeff Robinson; Atlantic Provinces.
- 2) DFK offers established relationships with most leading dealer organizations in our trade area.
- 3) DFK offers existing representation by membership in peer organizations as EMDA (Equipment Marketing & Distribution Association).
- 4) DFK offers a 20,000 sq.ft warehouse and 100,000.00 sq. ft yard to offer warehousing when needed.
- 5) DFK offers two 6,000 lb. forklifts and one 12,000 lb forklift for equipment handling.
- 6) DFK offers one enclosed 18' trailer, one 16' tilt trailer and two smaller trailers for showing and demonstrating equipment.
- 7) DFK offers an advertising coordinator.
- 8) DFK offers field inventory database for up to date reporting.
- 9) DFK parts department offers main line type service with centralized Port Huron, Michigan warehouse, on line download center, on line order entry, bilingual personnel and complete state of the art inventory control software.
- 10) DFK offers a Canada Customs specialist, with online B2 amendment service.
- 11) DFK offers Canada Customs brokers with unprecedented service rates.
- 12) DFK offers a logistics coordinator to minimize freight costs.
- 13) DFK offers a Kristopher Kurtz as service technician.
- 14) DFK offers a GST (federal) and Provincial tax specialist.
- 15) DFK offers online security (PPSA) registration for manufacturer.
- 16) DFK offers bilingual accounting and collection services.
- 17) DFK offers suppliers access to already established 3rd party floor plan with GE Capital

DFK has strategically placed itself in the market to offer innovative, quality products to top performing dealers who are selected to best promote and market our products in their trade area.

DFK has also strategically placed itself in a position to be the best return on investment for all their suppliers marketing needs.

2.0 Situation Analysis

DFK has analyzed the market and placed itself to best support this multi-cultural market.

If analyzed the successful competition in our area and we must maintain high quality products that we compete directly against these successful competitors. The key to successful marketing of the quality products is finding top performing dealers who are dedicated to reaching the desired customer base.

2.1 Market Needs

What the market needs to successfully launch a product line are

- Recognition of perceived product quality
- Recognition of perceived parts supply
- Recognition of perceived service and support
- Recognition of perceived product innovation
- All of which to support dealer self-confidence and reduce perceived risk and perceived liability of top performing dealers to invest time and money to develop a line.

2.2 The Market

The agricultural market is currently strong but volatile due to large fluctuations in grain prices and equipment pricing. There is opportunity to establish relationships with dealers but they are very cautious and are investing only in lines which they can see a return on investment.

2.2.3 Market Growth

This agricultural market is in a virtual zero growth.

2.3 The Company

DFK Equipment Sales Inc., in business for over 28 years, sells and services farm equipment, light industrial, recreational and turf equipment dealers in Ontario, Quebec and the Maritime Provinces.

Founded in 1982 by Doug Barber, Floyd Steinman and Keith Wardell.

2.3.1 Mission

DFK Equipment Sales Inc. is committed to developing markets for manufacturers who are focused on developing new, innovative, quality products that will contribute positively to operating cash flow and business plan of DFK and top performing dealers strategically selected to promote and market these products. We also are committed to providing the services required to best support these products for now and into the future.

2.3.2 Product Offering

Innovative, quality, premium products that will position us with top performing dealers as a major contributor to their profitability and business plan.

2.3.3 Positioning

We have strategically focused on the top performing dealers to reach or target market for each product line. To achieve this we have positioned ourselves to provide the infrastructure and services needed to meet market needs and make it easy and comfortable for dealers to business.

2.3.4 SWOT Summary

The SWOT analysis covers strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are generally internal attributes, which we can address by changing our business. Opportunities and threats are generally external.

2.3.4.1 Strengths

1. **True expertise**. All of our personnel know this area very well. Our experience and expertise is better than anybody we know of in this particular niche area. Experts in Logistics, advertising, taxes, customs, technology and many other areas all contribute to a comfort zone for dealers to fall into recognizing that there will be next to no unexpected costs derived in developing a new line.
2. **Dominance of technologies from a users' point of view**. We have an excellent website, in house web server with download center and remote order entry and an automatic link to training allies to help clients come up to speed with the products we offer. We even planning an on line quote and order entry system for whole goods to help these dealers fall into the comfort zone of pricing and selling our products.
3. **Manageable size**. We don't have to support a large overhead, and our clients know that we deliver what we promise ourselves. Our competition, the larger manufacturers, tends to build on the structure of paper pushers with absolutely no product knowledge and in field experience.
4. **Contacts**. 32 years of industry experience means a lot of word-of-mouth i.

Marketing, contacts, and networking.

2.3.4.2 Weaknesses

Although we have tried to position ourselves so that we are recognized by dealers to be the representative for an individual manufacturer giving the manufacturer full control of their destiny. We do recognize that from time to time our decisions of whom we do or don't do business with can be influenced by our desire protect a relationship for another manufacturer.

2.3.4.3 Opportunities

The opportunities are immense as we are in a period of profit for high producing farmers. We need to capitalize on this, by capturing the top performing dealers in areas where we are weak when the interest is high.

2.3.4.4 Threats

The threats to our success are factors beyond our control, but we are best positioned to minimize marketing costs if and when these threats arise.

1. Dry Weather
2. Currency Exchange
3. Commodity Prices
4. Political Changes
5. Product Availability

2.4 Competition

The competition varies from product line to product line. Experience has taught us that although there are many competitors, we are able to outsell with the advantages of quality and service.

3.0 Marketing Strategy

DFK has established a base strategy that we would use to develop our product lines. Our objectives would be to target and develop dealers we have already qualified as "top performing dealers".

3.1 Value Proposition

Our value proposition is high-powered extremely valuable expertise to boost major-line type market entrance to new markets across Eastern Canada, at a price premium corresponding with the high value. We are not going to compete on price; we compete on quality and services that makes the price more than worth it.

3.2 Critical Issues

The most critical issue is repeat business from "Top Performing Dealers". We can't continue build Manufacturers on a faulty foundation; we have to have a core group of satisfied dealers who come back to us on a regular basis. We have built our business on the fact that we can't afford to spend the capital it would take to generate new clients constantly. The repeat business costs about a tenth as much in sales and marketing as the new client.

Repeat business is built on the correct strategic mix of excellence in delivery, clear communication of promise and scope, and follow through. This confidence built is critical to success!

3.4 Marketing Objectives

- i. We need to establish ourselves as experts. This means being quoted in major trade press, speaking at industry events, and gaining recognition. Our measurable and specific objective is to be introduced in three major events as established experts.
- ii. We need brand-name reference product. We need the Manufacturers name to be recognized as a quality premium product. We also need to be represented by "Top Performing Dealers" who have already established themselves in the market place as a supplier of these quality premium products and no DFK Equipment Sales Inc. for the same.

3.4.1 Target Market Strategy

As indicated by the previous Marketing Objectives, we must focus on "Top Performing Dealers" who have already established themselves in the market place as a supplier of these quality premium products. We are not after every possible potential client; we want the stronger clients that can appreciate quality.

Our knowledge and expertise is most valuable when applied to the market entrance phase of high quality innovative products to be marketed through channels in new markets so they need to establish new relationships.

3.5 Messaging

We do have a strong message, a major part of which is the impression of confidence, stability and service we create as we deliver that message. We have more detail below, but we can summarize here: we are experts in this topic. We are not inexpensive. We are worth what we charge. We will save your company market and improve its market entry substantially. More details are in the messaging table.

3.5.1 Branding

With our kind of representation, branding is a slow process of word of mouth and repeat business. We do however need to use the Manufacturer's logos on stage as much as possible in major events, and with our reports, etc. We also need to always work towards establishing ourselves as the acknowledged experts in our field.

4.0 Marketing Mix

Ours is a delivery-intensive, word-of-mouth, repeat-business business. Obviously we know we need to understand our marketing process -- which is why the attention to quotes in magazines, speaking engagements, etc. -- but we are really selling the Manufacturers name more than marketing.

4.1 Product Marketing

The service itself is a key component to our marketing mix. Our service should be our best advertisement in this case, even more than with many other similar businesses. Our specialization in areas such as logistics, customs, taxes and markets provide many behind the scenes services. We need to fulfill the promise we make: we take a product across Eastern Canada into new markets, explore channels, guide our dealers through the maze, and establish the relationships they need. This is a very focused deliverable. We aren't just doing marketing or marketing consulting; we're getting products into channels. The service itself is a key to our markets.

4.2 Pricing

Our pricing needs to match our positioning. We cannot be cheap or economical; we must be at the high end of the pricing scale, job for job, and project for project. We aim to be more expensive than the more generic products in the same market.

4.3.1 Advertising

Advertising is a key part of our marketing. We refined an extensive process and have developed expertise to take advantage of our large purchasing power for media space and maximize dealers and manufacturers advertising dollars. This helps gain maximum exposure to the market at a minimum cost.

4.3.2 Public Relations

Dealer relations are an important part of our marketing. Even if advertising is crucial, the right PR can get us quoted as experts in publications and on websites frequented by our target market. We want to launch with a relationship and a detailed plan for press releases and events, press tours and interviews. The underlying objective of the PR program is to establish our expertise in the media and on the Web so that the dealers who no and need our level of services can relate this to the Manufacturer name.

4.4 Service

Service is important to our mix. We have spent many years building the recognition of this part of our business. We have an obligation to provide quality innovative products and cheerful knowledgeable service, fast and efficiently. Our service goals are simple and easy to maintain.

4.5 Sales Plan

With every manufacturer we must research and deliver a strategic marketing plan.

4.5.1 Sales Strategy

DFK will focus on five geographical markets, South Western Ontario, Eastern Ontario, Quebec and the Atlantic Provinces.

We will focus on the top performing dealers providing, products leading in quality, innovation, service and support.

We will focus on providing the services and support at above industry standard.