

Boss Hogging



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Leading the most recognisable motorcycle brand from limited distribution to national retail network has been one hell of a ride.

Images by Scott Ehler

Harley-Davidson has always been an icon of pure muscle and freedom. It's a brand that evokes sentiments of liberty, fun, and a certain toughness that transcends time, as seen in the 1969 film *Easy Rider*, or with Arnold Schwarzenegger tearing up the streets on a Softail Fat Boy in *Terminator 2: Judgement Day*. Managing Director of Harley-Davidson Australia Peter Nochar reflects on his journey to the motor company and the actions that have helped the Harley remain on top of the big bike market.

The CEO Magazine: Can you give our readers an overview of your professional background leading up to and including your current position?

Peter: My background is in the car industry. I had many years with BMW in the UK as national sales manager. I left them in 1990 to buy a small BMW dealership in Winchester, England, which grew well. I had a good team of people there. Five years later, due to some reorganisation, my market and the neighbouring market were going to be merged. As a consequence, I couldn't afford to buy the other people out. They were able to buy me out, so I sold my dealership and was working with BMW on buying a different one when the opportunity arose to rejoin BMW in an overseas market.

I was offered the position of operations director for BMW in Japan. I went to Japan and felt instantly fascinated with the place; I thought it was so interesting. I did two and a half years with them, and then the opportunity arose to become the head of Volkswagen group in Japan. I think it's unusual for people in Japan to jump ship from one company to another, but I got the number-one job with the Volkswagen group there. I had three good years with them, and then Australia was opened as a new market.

It wasn't originally my plan to come to Australia; I wanted to go back to Europe. I came to Australia temporarily but—like many people do—found good friends and a great life here, and decided to request to stay on as a local contract. This unfortunately wasn't possible, so I left to find a locally based role.

I then had a couple of years where I was doing consulting work for BMW and later for some independent businesses. I was quite happy to do that until I got a call one day from a headhunter looking for someone at Harley-Davidson. My predecessor, who started Harley-Davidson in Australia a couple of years previously, decided he wanted to retire early, so here I am.

Harley-Davidson is a company I knew a little bit about because I

had done a Tom Peters management training course in America, and Harley-Davidson was one of the case studies we looked at. Everyone in the group thought it was a cool company and brand. I never dreamed I would have the opportunity to join.

I understand you went through a rather meticulous selection process prior to taking up your role. What did this recruitment process entail?

The first interview was with my predecessor and a senior person from HR from the States, and they did the first cut of candidates. I then had a second interview, which was a video interview with the person who would eventually become my boss. The next stage was for me to go to the US and meet people over there, but they never made it clear whether or not I was the only candidate going; they just asked me to come over for more interviews. The first dilemma occurred when I turned up for that interview in a suit and tie, but everyone was in open shirts, Harley-Davidson T-shirts, and jeans, so I felt like a bit of a goose.

It's very difficult when the company has a dress code that is unusual or different from the traditional. You don't know whether to fully embrace it, approach it half-heartedly, or ignore it. If you get it wrong, it may be taken as disrespectful or inauthentic. If you >





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remain in suit and tie, people might wonder if you're too stiff to join. It's quite a dilemma because you want to present yourself for an interview in the best way. I said to my predecessor, "What do I wear?" and he told me, "You will not find anybody in head office with a tie on. Nobody." I told him, "I don't want to go out and buy a Harley-Davidson shirt in case somebody asks me if I'm a lifelong Harley fan or long-term owner." My predecessor told me, "If you go in looking like a country and western singer, then you should be all right."

The day I joined the company, I didn't have any Harley-Davidson clothes, but there was a box of shirts on my desk waiting for me. They were sent over by my boss in America. He asked if I would wear the clothes, and when I said yes, he said, "Good. I'll give you a start." Ever since I joined Harley, we do the same. Whether we've got somebody that's part time, full time, or a contractor, we always give them two or three shirts when they start so they feel like part of the team. Teamwork is something we strongly promote.

Coming into the organisation just before the GFC, what have been some of the greatest challenges you and the company had to face?

Before starting the business in 2006, there were three separate distributors. When we started, we were able to source a bigger allocation of motorcycles and provide a more robust system of parts distribution, so the dealers became very successful very quickly. In those years before the GFC, things were booming and

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funding was easy. We grew like crazy during those couple of years, and I came in on the back of that growth. Everyone was very pleased with what was happening, and, as the new CEO, the general attitude from the managers was, "It's going great; don't spoil things with unnecessary changes."

That in itself was a challenge because how do you get people's attention when things are going at a record level? For me, on a personal level, the GFC was actually an opportunity because when things slowed down, people came to me and asked, "What are we going to do now?" and suddenly we were able to have real dialogue about how to optimise the business and what to do next. That was key because, while we had been selling a lot of bikes, it was clear that some of the processes had not been so good under the surface, so the dealer businesses were not as skilled and professional as they could have been. There was the real opportunity.

It wasn't a question of digging in and waiting for the market to come back; it was clear that there was a

real opportunity to develop higher standards, which would lead to greater customer satisfaction and dealer profitability. I remember saying at one of the first dealer meetings, "Please understand that we are going to be obsessed with what goes on at the point of sale." That is where the rubber meets the road and that is where the real action happens. We had to be better at what we do, and that was the beginning of real wholesale change.

Harley-Davidson is an iconic brand, and I understand the company has quite a unique corporate culture. How have you seen this culture develop over the years?

Harley is 110 years old this year, and it's a company that has changed a lot at different times. Although it seems like a classic bike and organisation, it is actually a dynamic and constantly evolving modern and efficient business. The change in the way the organisation is run and the development of different products have been pretty significant over the years. >

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Like many other businesses, our management didn't see the GFC coming. But it also exposed the fact that the company was working flat out in previous years and boomed, and the imperative at that time seemed to be to just keep producing as much as possible. The factories were working at capacity and the business was not really optimised. Things like IT, modern manufacturing practice, levels of equipment, labour agreements, and international sales weren't top of mind. But when the GFC came, those things were hit pretty hard.

There was a big senior management change in 2009, and the new management led the charge to really overhaul the company and change it into a much more modern and efficient underlying business. It was basically a set of organisations dotted around the world in different places that kind of did their own thing, which was fine, but it made it really difficult to align



heritage, and of course its bikes. No-one asks about where they live or what job they do; they talk about the ride and bikes. We are often asked what riding a Harley is all about. It's a lifestyle, but in essence it's about riding and having fun. It's a way of life. You don't see many lone Harley riders; you see most of them riding in twos, threes, tens, or more riding out together—not racing, but just enjoying the ride and having fun.

We want every customer to have a great individual experience, and that means we don't have a book of rules that says all dealers must do or look the same. Each customer is treated as a valued individual and each bike is made individual by its owner. You make your Harley as you want it to be, and we have a book of accessories and customising equipment that is almost the size of a London telephone directory. What you finish up with is not just a Harley; it's your Harley. When you buy it, it's kind of like a work in progress: there will always be something that someone else has got which you want to copy, or you'll have an idea for some paint that absolutely makes it yours. This is part of your connection to your bike, and you take it out with pride, displaying what you've got and the choices that you've made. Other people enjoy it and talk and get their own ideas, so it's self-generating.



systems and structures that you would find in most international companies these days. A lot of work was done to really streamline the organisation and make every business and its processes consistent and recognisable.

What are the underlying principles most central to Harley-Davidson's philosophy?

The customer is at the centre of everything we do. When it boils down to everything we do—whether

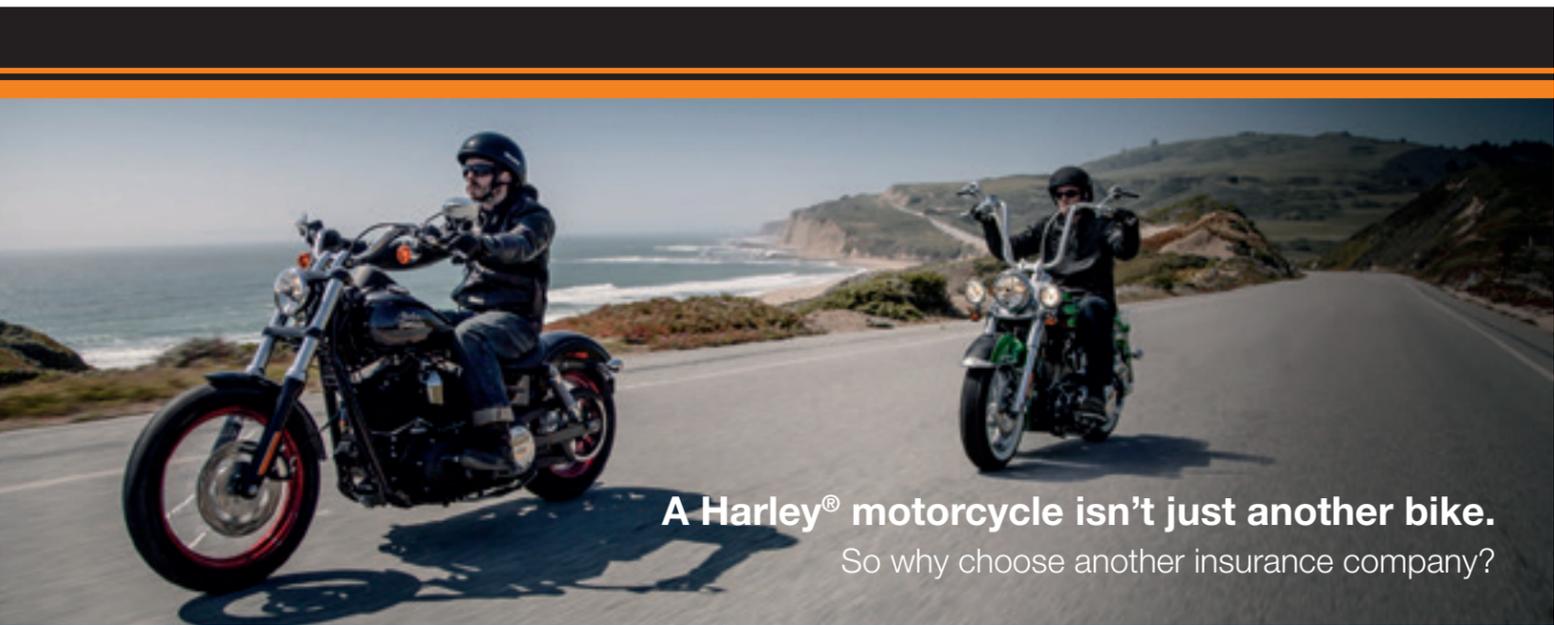
it's in manufacturing, distribution, the work that we do here at Harley-Davidson Australia, or the work of our dealers—it's about providing the customer with an amazing experience. When people come into Harley, they're not just buying a commodity; they're buying something that gives them a sense of freedom, and they join a community of similar people across the world and across the country.

Harley-Davidson has a customer culture that I've never experienced in any other automotive field, or any other field for that matter. Harley owners are unique, amazingly loyal, and incredibly enthusiastic about the company, its

Some of the guys that have sports bikes regard Harleys as heavy equipment in motorcycling terms because they're bigger, heavier, and not as fast as some of the sports bikes; but that's not what it's about. If you want GP performance, you buy a sports bike. If you want to enjoy the ride and have a lot of fun, then you'll buy a Harley.

What role have your suppliers played in the change from a wholesaler to a retailer in Australia?

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choose partners easily, and we prefer to have long-term relationships with them. In Fuji Xerox Australia's case, they are clearly one of the biggest in their field. But we often choose smaller suppliers rather than a big supplier where we're a big name but small in billing.

We wanted to make the dealers more accessible to more people, so we've encouraged 41 out of 50 dealers to relocate to busier locations. Our criterion is: if you move, the store has to be easily seen or easily found. We want dealerships to look welcoming, like modern retail stores rather than bike shops, which means if your wife or girlfriend decides to buy you a Harley T-shirt or key ring for a birthday, they don't drive up and say, "I'm not going in there." We've built places where they can just go in and see a nice display of things that are well laid out and just feel at home like any good retail environment. The retail environment is very important. That's just one layer and it's had a big impact.

The second layer is about training and developing dealer staff to give the best service and be as professional as they can. We went from literally one or two master technicians to around 70 today. We now run two apprentice schemes, and we'll have a third one soon, so we bring in younger technicians. We have three levels of sales courses and we have courses for the owners, so we put a lot into people development.

The third line that's important to us is communication. If you're in a smart store and you've got good people but you're sending mail out in a dirty envelope, or the things you send electronically look like they've been made by a 4-year-old, then the whole thing becomes unstitched. It's about maintaining a consistent high level of contact with the customer, because you set up a proposition and then you have to deliver on it.

We get consistency in the quality of dealer communication material by

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using Fuji Xerox Australia tools. The dealers have a communication that is highly individualised to them. We don't advocate a cookie-cutter approach to things; we like the dealer's personality to be all over what they do, and we want them to own that experience with the customer. For example, if a Sydney customer drops into a Brisbane store to see what's different, they'll see some different things for sale, and they'll see some alternative layouts.

We encourage our riders to ride, and we want our dealers to be different so each one is a destination that encourages riders to visit. If you go to a high-street retailer in Sydney, you have no need to do the same in Brisbane or Perth because they'd look the same and be selling exactly the same things. I think that's a mistake. We try to create a fascination so that, large or small, people go in and have a rummage around and find pieces that are unique. >



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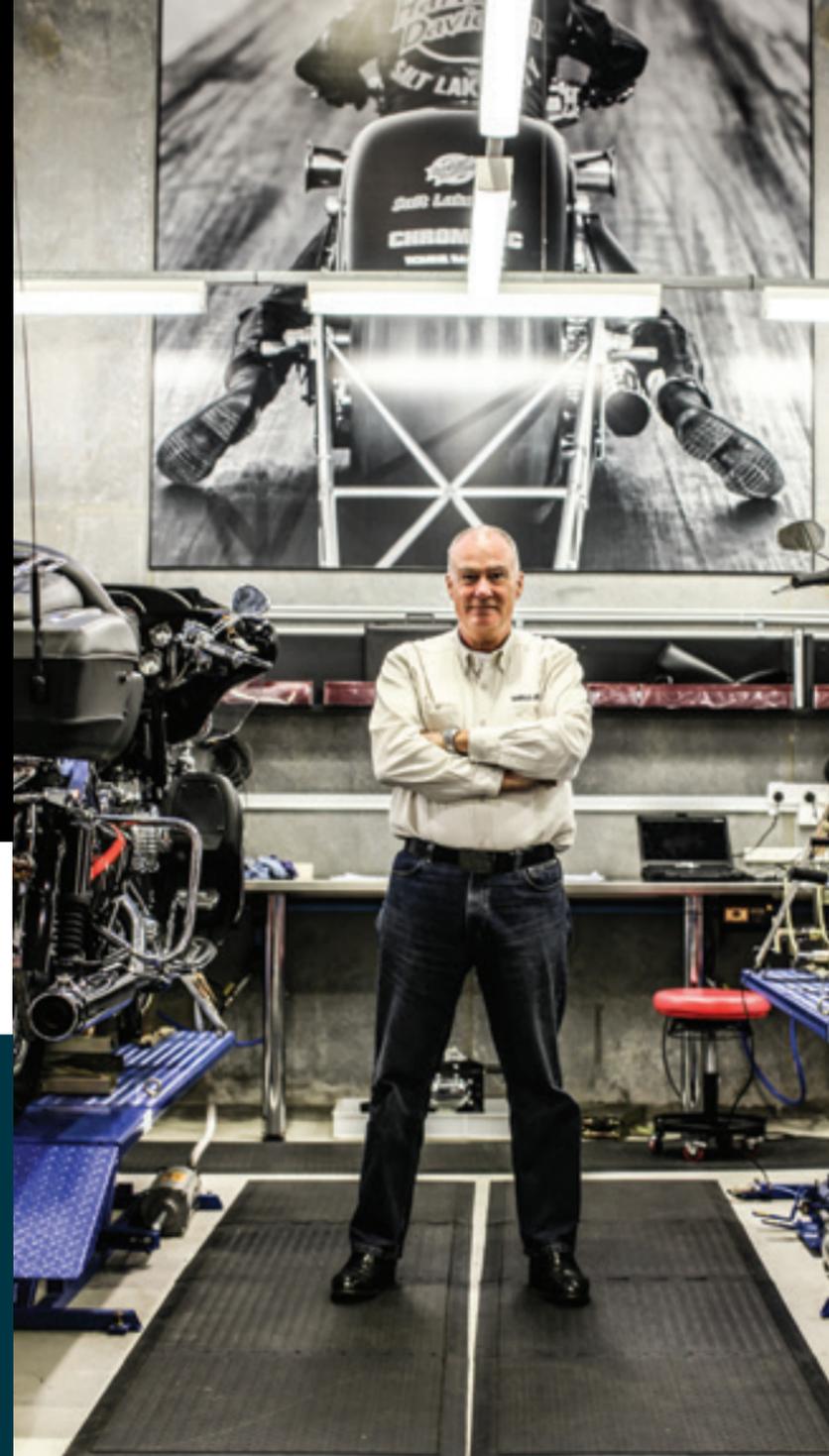
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“For me, learning has always been important. The day I'm not interested in learning is the day that someone should tell me to hang up my boots.”

- Peter Nochar

thoughts and turn you around so you would leave the office with renewed enthusiasm; it was like a battery charge. That energy and courage in dark times is something I've always tried to reflect.

I've been fortunate enough to work with some really good people and have had some great people work for me. If you like your work, then you soak up the good and identify what's bad from people so you don't repeat it yourself. For me, learning has always been important. The day I'm not interested in learning is the day that someone should tell me to hang up my boots.

How would you characterise your position in the market?

Riding as a sport or leisure activity continues to be very popular. We are fortunate that we specialise in cruiser bikes, and the cruiser segment is the biggest of the big-bike segment, so we're in a sweet spot in the market. Because the bikes look very traditional, people think Harleys never change, but there's a continuous multi-million-dollar development program that brings in things like ABS, safety measures, and a whole range of new technologies that are applied to the bikes.

I was in a meeting and somebody asked, “Why did it take us a bit longer to have ABS compared to some other brands?” The engineer replied it wasn't that we couldn't do ABS, but because we wanted to find an ABS technology we could put on the bikes that didn't look like some great carbuncle on the side of the wheel. We wanted it to integrate into the design of the bike so that it has the very best in ABS in a way that looks almost invisible.

The care that goes into our manufacturing is something quite special. Every year, almost all of the bikes are changed and updated. Those changes can be very subtle sometimes, and other times they can be very significant; it's a constant work in progress. For us and our dealers, the sun will never set. There's always more to do and more to go for. •

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That was the thing that we really liked about Fuji Xerox Australia. There were layers of materials dealers can use to make great-quality individual customer communication pieces inexpensively, without needing degrees in computing science to make it work, but just having regular salespeople and managers in dealerships develop some highly professional communications without spending a lot of time or money.

Who or what have been your biggest influences in terms of management and leadership?

My first job in the car industry was with Chrysler in the UK. They were dark days for Chrysler and they nearly went bankrupt. I used to work in the field, and we would get knocked around by dealers. My regional manager would sit you down, go through everything, and soak up the moans and groans. He enabled you to recalibrate your