

# KEN SCHMIDT



## “A Harley Savior Tells a Success Story”

The Portland Press Herald, May 20, 2011, Edward D. Murphy

SOUTH PORTLAND - The turnaround of Harley-Davidson began by listening to customers, but almost as importantly, actively asking for their ideas, the company's former communications director told about 150 people during a breakfast speech Thursday.

Ken Schmidt was a key member of the management team that struggled to keep the motorcycle manufacturer from having to declare bankruptcy in the mid-1980s, he told business leaders attending the event sponsored by Bangor Savings Bank.

Shortly after laying off 40 percent of the company's work force, Schmidt said, Harley-Davidson sent out two tractor-trailers with new motorcycle models from the company's Wisconsin headquarters, with one truck headed east and one west.

Schmidt said test drives are relatively rare for motorcycles, largely due to liability concerns. But Harley-Davidson felt it had little to lose, he said, and organized mass test drives and then asked riders what changes the company could make to get them consider buying a Harley-Davidson motorcycle.

The company saw sales rise and profits return.

Asking customers for ideas is a practice the company still follows at motorcycle rallies, he said, asking people about what they like or don't like about Harleys and then following up on good ideas.

“People support what they help create,” Schmidt said.

Lessons learned from Harley-Davidson's experience include resisting the urge to copy competitors' marketing or business strategies, Schmidt said. Company leaders should

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also “strike the ‘Q’ (quality) word from your vocabulary,” arguing that products that lack quality won't last long anyway, so it's not a strong marketing point. He also said a lot of technical detail isn't a winning marketing tactic because “we cannot generate demand with numbers.”

Instead, he said, companies need to create an “emotional resonance” between products and customers, like Harley-Davidson did by expanding its parts inventory to give motorcycle owners thousands of ways to personalize their bikes.

“An unexcited, uninspired customer is going to be siphoned off by your competitors,” Schmidt said. “Human behavior is what moves markets.”

The company also created Harley Owners Groups (HOGs) to build brand loyalty and give customers the experience of joining a group of like-minded people as much as buying a product. He said the company essentially used social marketing before the term was invented.

Schmidt, who now makes his living as a professional speaker, said Harley-Davidson commands a strong market share despite having a product that is priced much higher than its competitors' models.

“Every bike that Harley-Davidson sells is sold by someone who owns one telling a friend,” he said.