

## It's How Harley Turned Around its Business, Ex-CEO Says

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Richard Teerlink, the man who helped to save the Harley-Davidson motorcycle company, says businesses that want to survive should keep one thing in mind their customers.

"Customers speak with their dollars," he said Friday in Syracuse before speaking to the Famous Entrepreneurs Series at the Mulroy Civic Center. "If they're not getting a product they enjoy, they don't come back."

Teerlink joined Harley-Davidson as its chief financial officer in 1981, two months after 13 Harley-Davidson senior executives bought the company from AMF. The company had been around since 1903 and its motorcycles were an American icon. But by the early 1980s, Harley-Davidson was under assault from Japanese competitors and in danger of going under.

Teerlink joined the company's board of directors in 1982 and later served as its president and chief executive officer, retiring in 1999. During his tenure, he led a team that turned around the motorcycle maker. Harley earned \$1.04 billion last year, up from \$959.6 million the year before.

He said the key to saving the company was improving the quality of its motorcycles. Quality had suffered over the years, and the Japanese were no longer content to grab the market for small motorcycles, he said. They were going after Harley-Davidson's domain big bikes.

So the first thing the company did was revamp its manufacturing to improve quality, he said.

"Riders ride thousands of miles, and it's not fun if you break down," he said.

It then got its dealers on board to market the improved product and provide good customer service, he said.

"Dealers are integral because they're the face the customer sees," said Teerlink. "If customers like the product but don't like the dealer, they won't buy the product."

To further build customer loyalty, the company created the Harley Owners Group, otherwise known as its motorcycles' longtime nickname HOG. The group immediately become the largest factory-sponsored motorcycle club in the world and now has more than 500,000 members.

"Companies own intellectual property, but the real people that add value is the customers," he said.

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