

ognized as a “premier provider” and be accountable to whoever wins the next master administrator contract. The MSF, of course, is planning to bid on the contract again. Is this simply another coincidence?

A Puzzle No More

There are indications that California might already be a trial balloon for franchises. According to an anonymous source with intimate associations to the MSF, Kevin Krasner, the MSF State Program Coordinator, has prepared a list of alternate sites for every current training site in operation. Krasner allegedly told the source that Tim Buche ordered him to do so before the MSF took over the state. With additional sites already lined up the MSF could then take over any territory with less than two weeks interruption in training. While this may be merely precautionary, these actions, however, would also be logical preparations for selling franchises.

But the MSF’s actions as state administrators have puzzled site owners from the beginning—and many others as well. Training site Quality Assurance Evaluations have been called arbitrary and unreasonable and seem to focus on those site operators who had either been in rider education the longest or those who had expressed dissatisfaction with, the MSF’s administration. Additionally, the MSF has taken over one for-profit site at the 29 Palms Marine Base and is now running it directly. It has also cancelled contracts, refused to certify additional sites and/or given them to other operators, and tried to shut down seven sites operated by the same company in Los Angeles—hardly the actions of an administrator who wanted to keep its sub-contractors happy.

This antagonistic relationship makes sense, though, if the plan is to convert the various programs into franchises. Long-standing site owners have never had to pay a franchise fee or per capita charge to be in operation. It’s also likely they would now object to doing so. New owners or relatively new owners may be more amenable to buying a franchise—particularly if they pick up prime locations in the process. Which they have been doing. The MSF has been granting hand-picked owners sites that are near their existing locations. Adjacent sites, however, matter a great deal if the system becomes a form of free-market enterprise. As “FK” noted on the side in the original report, “cannot diffuse or split market area... must offer good market.”

The elimination of competition allows greater control over pricing the course. Is the emergence of geographical fiefdoms then another coincidence?

But, as the original report said, entrepreneurs wouldn’t be that interested in purchasing a franchise if there wasn’t a good prospect of making a lot of money. From the beginning, though, states have sought to keep down the costs for the consumer. The original idea was that low-cost or free training would attract riders who wouldn’t otherwise take the course and states have gone to great lengths to

keep it that way.

But, in several states, a combination of lobbying and non-paid advocacy on the part of Harley-Davidson and/or the Motorcycle Industry Council and/or the MSF, has resulted in efforts to remove price caps or has tried to raise the price of training. Such efforts, successful or not, have occurred in Georgia, Indiana, Illinois, South Carolina, Ohio and California. For its part, the MSF claims prices need to rise so that more students can be trained.


This insistence on raising prices has been a mystery until now. However, the higher cost of traditional non-profit training could reduce franchise sticker shock, and this is how it has worked out in practice. In almost all states where there is only a \$100 difference between the state program’s cost and the cost of the Harley-Davidson Rider’s Edge programs, more dealers offer Rider’s Edge. Where state training is free or very low-cost, there are hardly any Harley-Davidson dealers who offer Rider’s Edge. The correlation between more expensive state training and more Rider’s Edge sites is no coincidence. Many studies have shown that people will pay different amounts for the exact same thing depending on who is providing it.

The bottom line is that if the MSF is to successfully sell franchises—or their member companies are to do so—the cost of state training has to go up.

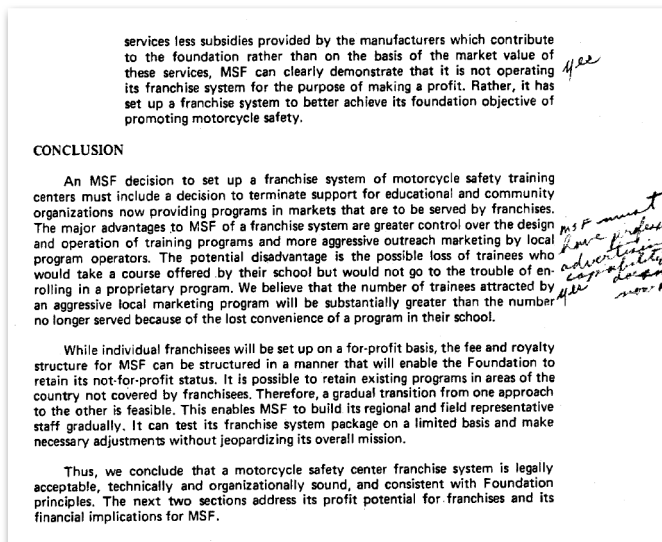
More to Come?

The same sources close to the MSF said that they also saw a “hit list” of states that will be taken over by the MSF, and that that list was discussed in meetings which they attended. Coincidentally, the states that top the list have one or more of these factors: Independent site owners, those with price caps, and those without Rider’s Edge. However, the MSF, has publicly, and as recently as the end of March, assured state administrators and regional managers that it has “no interest” in taking over state programs. Coincidentally, those were the exact words the MSF said to California’s rider educators even as it was preparing a bid to take over the program.

There’s no doubt that franchising would lower the manufacturer’s dues to the MSF, and could, if done through their dealerships, be another source of profit for the member companies. At that point the MSF would have what the manufacturers wanted all along—total control and power over rider education.

It’s true that the yellowed franchise report appeared to be an old and seemingly abandoned plan. However, the MSF’s move to franchise rider training makes a coherent and logical picture out of what has been a very curious puzzle for many of us. On the other hand, it could be just an incredibly long string of unrelated coincidences and circumstantial evidence that happened one right after another for twenty-five years. You decide. 

—Wendy Moon



Footnotes: 1) All three programs, it should be noted, were in the highest category of the recent National Highway Safety Traffic Administration’s “Best Practices” study. In fact, Oregon was number one in the nation. 2) The document was given to MCN by a third-party who obtained it during the course of their association with MSF. The document in question was stored in sealed boxes that contained budgets, board reports, committee meeting notes and so forth and matches the typeface, style, and “voice” of other MSF documents during the same time period. This report was found in a box with what seem to be Charlie Hartman’s private files. 3) One of the copies has extensive notes in the margins by “DM” and “FK” the other is just underlined without attribution. By examining staff lists from that period, we know the initials were not staff members, but cannot verify that they were trustees. 4) In 1987, one year before the increased tariff would’ve expired, Harley asked Washington to cancel it as they no longer needed that protection.