



INDEPENDENT DEALER NEWS



MAGAZINE

OHIO INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION / SEPTEMBER/OCTOBER 2017

ASSOCIATION NEWS

2017 OIADA GOLF OUTING

July 14 at York Golf Course in Columbus

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Troy Graff • troy@niada.com

EDITORS
Jacinda Timmerman • jacinda@niada.com
Andy Friedlander • andy@niada.com

MAGAZINE LAYOUT
Christy Haynes • christy@niada.com

PRINTING
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SAFETY WATCH

MAZDA RECALLS VEHICLES FOR WATER ON BRAKES



Parking Brake Could Bind

Mazda North American Operations is recalling 227,814 2014-2015 Mazda6 and 2014-2016 Mazda3 vehicles.

Water could possibly enter the brake caliper causing the parking brake actuator shaft to corrode and possibly bind.

Mazda will notify owners, and dealers will check the parking brake actuator shafts, replacing any that are corroded, free of charge. Mazda's number for this recall is 1217F. 🚗



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DIRECTOR'S MESSAGE

Get a Jump Start on 2018

As the kids go back to school and Ohio's summer comes to an end, or at least it's supposed to, it's time to start thinking about next year. The best way to plan for 2018 is to take a look at what you've done so far this year and what still needs to be done.

What worked for you this year? What didn't?

What are the things you started off the year saying you were going to do better? Did you do them?

Did you change your DMS like you planned on? Did you pick up a couple new lenders like you needed to? Did you keep up on the legislative changes, new rules, and compliance training like you swore you would do?

Is 2018 going to be any different?

As most of you have come to realize, tax season as we knew it is a thing of the past. Over the

past few years, it's gone from tax season to tax month, tax week, or tax day.

Dealers are not seeing the feverish rush to spend tax refund money on vehicles like they used to and the number of dealers competing for the same customer seems to increase daily. Dealers can't count on February to make up for a bad winter of sales anymore.

So what are you going to do to make sure your 2018 is better than your 2017?

Why not start off by attending this year's annual expo and convention? It's free, you know!

Mark your calendar for Saturday, November 4, and plan on attending a day of free education, with legislative updates as well as compliance, digital marketing, and sales training! In addition, meet with lenders, top industry vendors and much, much more!

Did you notice it's free? You can take one day this November and get a jump start on 2018! 🚗

NEXTGEAR PARTNERS WITH READY LOGISTICS

Transport Finance Tool

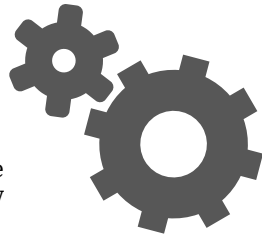
NextGear Capital and Ready Logistics have partnered to develop a transportation financing solution designed to help independent dealers free up cash flow and simplify their business operations. The new transportation financing solution allows clients of both brands to buy, floor and transport vehicles all in one transaction using a deferred payment option that puts transportation costs on hold until the vehicle is sold.

"The power of Cox Automotive is that we can work across our brands to develop solutions that help dealers streamline and grow their business," NextGear Capital senior vice president of

operations Randy Dohse said. "Our goal is to make clients more profitable by increasing the speed and ease of buying and selling vehicles, and bringing transportation financing to independent dealers is a prime example of how we're doing just that."

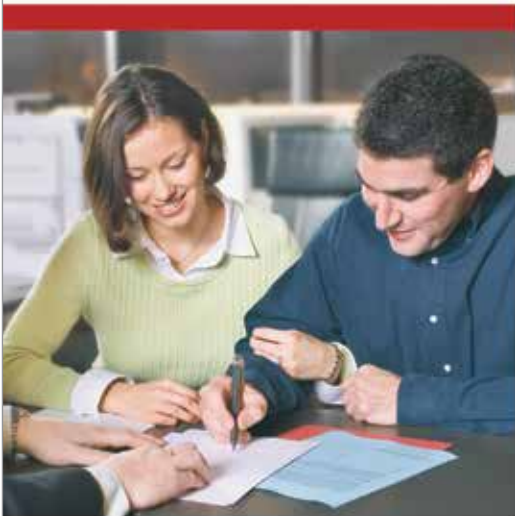
There are no additional fees associated with this new offering. After purchasing their financed vehicle, dealers only pay NextGear Capital for transportation purchase and any interest on the cost of the transportation financing.

Additionally, following a transaction, dealers can now see transport costs for a vehicle upfront and take advantage of a quick in-lane or online checkout. 🚗



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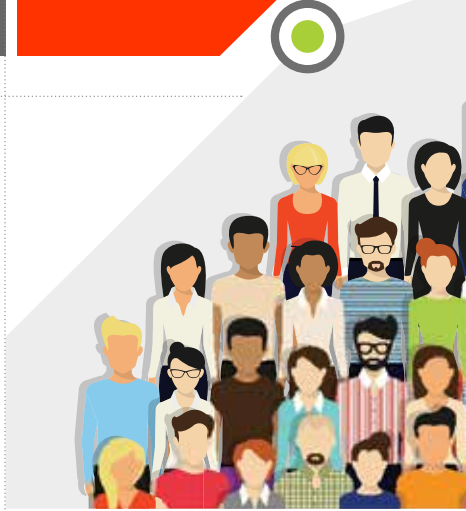
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TAKATA'S CHAPTER 11 BANKRUPTCY FILING

What Does it Mean for Your Dealership?

Unless you are a firm believer in ignoring industry news, you know Takata. Their exploding airbags have been in the news for the last decade, and inside knowledge of the flaw has been known for almost twice that time. Two monumental settlements were made this year: Takata agreed to pay \$1 billion in fines and compensation, and four major auto manufacturers put aside a little more than half that for customers who suffered economic losses as a result of the defect.

But on June 25, 2017, Takata filed for bankruptcy in both Japan and the U.S. The filing comes after Key Safety Systems offered to buy its factories for \$1.6 billion. However, as the company's liabilities are projected to be between \$10 and \$50 billion, clearly there isn't enough money to go around. And that means auto manufacturers – and potentially dealers – will be stuck footing the bill for the cost of repairs.

The New York Times reported Honda has already warned its shareholders it would “become difficult to recover the majority of claims that the automaker holds against Takata, including the costs of the recalls.” *The Wall Street Journal* raised concerns about ongoing repairs: investors and auto makers must “ensure Takata's U.S. units stay in business, at least until the bulk of the business is sold” because “it isn't clear there is enough capacity in the airbag industry to make up for the Japanese company's demise.” In other words, manufacturers must keep working with Takata, because they may have nowhere else to go.

This will invariably affect automotive dealers as well. At the current pace of production, it could take up to a decade for every car with a potentially defective airbag to be recalled and fixed. That means dealers will be scheduling and offering repairs for years. But it is the independent and used car retailers who may end up costing new car dealerships the most.

The Used Car Rule and the Selling of Vehicles with Defective Parts

The Federal Trade Commission's Used Car Rule states the following:

1. It is a deceptive act or practice for any used vehicle dealer when that dealer sells or offers for sale a used vehicle in or affecting commerce as commerce is defined in the Federal Trade Commission Act:
 - A. To misrepresent the mechanical condition of a used vehicle.

- B. To misrepresent the terms of any warranty offered in connection with the sale of a used vehicle.
 - C. To represent that a used vehicle is sold with a warranty when the vehicle is sold without any warranty.
2. It is an unfair act or practice for any used vehicle dealer when that dealer sells or offers for sale a used vehicle in or affecting commerce as commerce is defined in the Federal Trade Commission Act:
 - A. To fail to disclose, prior to sale, that a used vehicle is sold without any warranty.
 - B. To fail to make available, prior to sale, the terms of any written warranty offered in connection with the sale of a used vehicle.

On January 27, 2017, the Used Car Rule was amended, as described by the Ohio Automobile Dealers Association, to include:

- Revisions to the description of an as-is sale.
- The addition of “non-dealer” warranty boxes.
- The inclusion of additional major components and potential defects that can occur.
- The addition of information on how to obtain vehicle history and open safety recall reports.
- A disclosure on the English version of the buyers guide for Spanish-speaking consumers.

The rule and its amendments were designed to protect consumers from deceptive practices, which is all well and good. The problem arises, however, when dealerships openly advertise potential problems or recalls with their cars and then sell them anyway, because it is perfectly legal to do so.

Last year's settlement between the FTC and GM, Jim Koons Management, and Lithia Motors Inc. “prohibited from claiming that their used vehicles are safe or have been subject to a rigorous inspection unless they are free of unrepaired safety recalls, or unless the companies clearly disclose the existence of the recalls in close proximity to the inspection claims. The proposed orders also would prohibit the companies from misrepresenting material facts about the safety of used cars they advertise.”

What the settlement did not do is stop dealerships from selling used cars with open safety recalls. So, if John Doe buys a used Honda at ABC Used Honda Dealership and discovers the defective airbag has not been fixed, he can bring that car to any Honda dealership for his replacement airbag. This is great for consumers and independent lots, but adds additional strain on automotive dealers who are tasked with replacing defective parts.

How will all of this play out in the end? It is clearly too soon to tell. But if you own a dealership in Ohio, you could be in for a long and costly decade when it comes to repairs. 🚗

GENE FRIEDMAN is an attorney with the Gertsburg Law Firm.

THE RULE AND ITS AMENDMENTS WERE DESIGNED TO PROTECT CONSUMERS FROM DECEPTIVE PRACTICES, WHICH IS ALL WELL AND GOOD. THE PROBLEM ARISES, HOWEVER, WHEN DEALERSHIPS OPENLY ADVERTISE POTENTIAL PROBLEMS OR RECALLS WITH THEIR CARS AND THEN SELL THEM ANYWAY, BECAUSE IT IS PERFECTLY LEGAL TO DO SO.

DATA SECURITY WARNING

Your Dealership May be Vulnerable

Helion Automotive Technologies has a new data security warning for auto dealerships. In recent weeks spear phishing hackers have been busy planting malware inside social media posts designed to lure employees of organizations to click on them.

Dealership employees are ideal targets for spear phishers looking to grab personally identifiable information and bank account information.

"This is the same spear phishing scheme that hackers have been using successfully in targeted email messages for several years now," Helion president and chief executive officer Erik Nachbahr said. "The problem is that although most employees have been told and know not to click on emails from people they don't know, they don't think twice when it comes to clicking on a message or offer in their Facebook feed. They are more trusting in a social media environment."

If employees take the bait of hackers and click on infected links, malware can be downloaded onto the employee's computer, compromising the entire organization's network.

Helion recently conducted a phishing test at an auto dealership by sending emails to 125 employees. Three employees took the bait. When prompted by

the website the email drove them to, they entered both their usernames and passwords.

If the attack were real, the consequences could cost a dealership thousands of dollars.

"That test was a good sample that revealed auto dealerships are very vulnerable to this type of attack and need to do a better job at educating their employees," Nachbahr said.

Nachbahr's tips for preventing a spear phishing attack:

- Instruct employees to never click on links in social media posts and messages from their computers or personal devices while at work.
- Require employees to change their network login passwords every 90 days.
- Encourage employees to keep social media profiles private and not accept friend or connection requests from people they don't know.
- If employees receive a phone call, email message or social media message from a banking institution, vendor or other entity asking for personal information, do not give this information verbally or via email. Contact the institution directly.
- Get cyber liability insurance, which covers costs associated with a data security breach and loss of data.
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NIADA's Annual Trip to Washington – Now Called the National Policy Conference – Is All About Making Your Voice Heard

Fall is my favorite time of the year.

Nothing beats a crisp morning stroll wearing a light jacket seeing the reds, yellows and oranges Mother Nature has introduced in the surrounding canopy.

Fall also brings the best of the sports world. Whether it's on high school Friday nights, college Saturdays or NFL Sundays, fans are packed into stadiums across the country cheering on their favorite football team. And don't forget baseball's Fall Classic – the World Series.

But mostly fall is my favorite time of the year because that's when NIADA members, staff and industry partners gather in our nation's capital to advance the cause of the independent dealer before elected officials and bureaucrats.

In 2013, the NIADA executive committee decided to strengthen the association's presence in Washington D.C., by moving the National Leadership Conference to the capital city and re-establishing the Day on Capitol Hill after a lengthy absence.

In 2016, we had our most successful conference yet, with more than 175 dealers and industry leaders attending and engaging with 100 Congressional offices – that is roughly one-fifth of the U.S. Congress reached in two days.

During the conference, dealers have heard from a variety of regulators that affect their dealership.

Speakers from the Department of Labor have discussed wage requirements, overtime regulations and properly classifying workers as employees or independent contractors.

The Federal Trade Commission has reviewed its enforcement actions and explained its concerns about dealers' advertising, compliance with the Credit Furnisher Rule and compliance with the Risk-Based Pricing Rule.

The National Highway Traffic Safety Administration has spoken to our group about the epidemic of vehicle recalls and how that agency is involved in ensuring vehicle safety.

Of course, we haven't ignored the new kid on the block – the Consumer Financial Protection Bureau. We've had representatives from the CFPB present at the conference each year, covering a wide variety of topics including the bureau's enforcement authority, its consumer complaint resolution process and complaint portal, and its efforts to regulate the collections marketplace – including

creditors such as Buy Here-Pay Here dealers collecting their own debt.

This year, we have rebranded the conference, which is coming up Sept. 25-27 at the Dupont Circle Hotel. It's now called the National Policy Conference to emphasize that this event is our opportunity to shape public policy.

We also want to make sure all NIADA members feel welcome to attend, not just those who hold a leadership position in the national or state association.

This is an opportunity for every dealer to make his or her voice heard.

And, make no mistake, your voice is being heard.

Four years ago, our goal was simply to reintroduce the association to Congress and explain the difference between the National Independent Automobile Dealers Association and our counterparts at the National Automobile Dealers Association.

Now we are at the point where not only can we talk to legislators about the important issues impacting our industry, we are actively solicited by them for our input.

That would not happen without your active involvement in making your voice heard.

So what can you expect as you join us for this year's National Policy Conference?

With a new presidential administration, the federal regulatory agencies are going through a number of changes as they transition from the Obama agenda to the Trump agenda. And one of the new top cops at the FTC will tell us about some of those changes, including their process for handling investigations.

The CFPB continues to impact all dealers, whether it has direct jurisdiction over them or not. Its new arbitration rule impacts every consumer financial product – automotive retail installment contracts included. We anticipate the CFPB addressing its activities with us.

The Small Business Administration is making an appearance at the NPC for the first time. Its representatives will tell us about their work and, more important, will listen to you explain your concerns with the regulatory framework you are under.

And, though not yet confirmed, we have extended an invitation to special guests from the White House to join us and talk about the President's plans for economic growth, such as tax reform, financial market reform and improved infrastructure.

As important as hearing from those agencies is, let's be honest, the main attraction of this conference is the opportunity to engage with your members of Congress.

We expect to interact with more than 100 Congressional members – hopefully many more. We will organize you into teams to lobby to your Senators and Representatives.

While every effort will be made to schedule meetings directly with members of Congress, it is possible your meeting could be with a member of the legislator's staff. Don't be discouraged by that. Staff members are key advisers to members of Congress. They have the member's ear and are critical to Congress' role on policy issues important to our industry.

NIADA will help prepare you for congressional meetings by providing you with key talking points about issues to address with the member or staff. Because members of Congress are busy, the meetings will likely be brief – around 20 minutes – but rest assured, you are making an impact.

Your meetings on the Hill will not be the only contact you have with members of Congress while you're in Washington. Throughout the conference, we will be able to interact with members outside of their offices in both formal and informal settings.

For example, between morning and afternoon lobbying sessions, we will have a member of Congress as a special guest speaker.

We will also host several members of Congress at a special reception and dinner on Tuesday, Sept. 26, when one of those legislators will be presented with the inaugural NIADA Legislator of the Year award.

That reception and dinner is also an opportunity to support the NIADA Political Action Committee Fund, which is used to back candidates for election who will protect the interests of small business and the independent dealer.

While I realize taking a few days away from the dealership is never an easy thing to do, your attendance at the National Policy Conference is an investment in the long-term sustainability of your business, one that can't be made in other ways.

NIADA will continue to advocate on your behalf. It is, after all, one of our core missions. But no one can tell your story better than you. And every Senator and Representative we've ever talked to has told us nothing makes a bigger impact on them than constituents coming to Washington to express their thoughts and concerns.

"I can't tell you the importance of having real people from back home come see us" to discuss an issue, Rep. Mario Diaz-Balart (R-Fla.) said. "Then it's no longer a hypothetical issue."

"It becomes, 'How does it affect real people? How does it affect their ability to earn a living and feed their families?' It becomes personal."

I encourage you to join us. Go to niadapolicyconference.com for more information and to register. You can always call or email me as well.

I hope to see you in D.C.! 🚗

SHAUN PETERSEN is NIADA's senior vice president of legal and government affairs. He can be reached at 1-800-682-3837 or shaun@niada.com.



Joel Jones, Used Car Manager » Louisville, KY

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COX AUTOMOTIVE

A LONGER-TERM VIEW OF DIGITAL RETAILING FOR DEALERS

Don't be Short-Sighted

Dealers often have an “all or nothing” view of digital retailing.

That is, to them, digital retailing represents the full monty of selling a vehicle online. You'd have a “buy it now” button on every vehicle details page for every vehicle, customers would work their deals, and dealers would deliver sold cars to customers at their homes.

These dealers also often dismiss this concept of digital retailing as unrealistic – as something too few customers are willing to do today. In turn, dealers make a critical mistake: They put the whole idea of digital retailing on the shelf until the time comes when they're fully convinced more customers would actually “buy it now” for their next vehicle.

This viewpoint isn't necessarily wrong. In fact, these dealers are absolutely correct that a majority of vehicle buyers today wouldn't want to buy their next vehicle completely online. Studies show that maybe 10 to 15 out of every 100 people might be ready for this kind of vehicle purchase experience. It does seem a bit ill-advised to invest in an end-to-end digital retailing experience when the vast majority of buyers wouldn't use it.

But here's the big miss for dealers who shelve digital retailing on these grounds: The “all or nothing” view is a bit short-sighted. It undercuts your ability to serve the remaining 85 percent to 90 percent of customers who are, in fact, receptive right now to taking part in at least a piece or two of a digital retailing experience.

These are customers who want more convenience and a greater sense of control as they purchase a vehicle. They don't want to spend hours in a dealership to complete a purchase transaction. They might even pay more for the privilege of completing some part of a deal – such as negotiating a payment, purchase price or trade-in value – from the comfort of their own homes.

“I'm getting an additional eight to 10 deals a month because I offer the option of working out deal terms online,” said the general manager of a Southeast Volkswagen store. “We do things differently than other

dealers and we're getting better at telling the world about it.”

I hear similar stories from other dealers. Even if they aren't adding a “buy it now” option to their website, they are fostering a different type of engagement that speaks to the needs of today's increasingly me-focused and time-addled buyers. In other words, they're working deals while “all or nothing” dealers aren't getting any of the action.

The general manager for a Midwest Lexus store noted his dealership continues to see a growing number of customers take advantage of his digital retail offerings. He added every one of the customers who negotiates a payment or

trade-in value online still wants to “come in and take delivery in person.”

THE TAKEAWAY HERE FOR DEALERS IS THAT DIGITAL RETAILING SHOULDN'T BE VIEWED AS AN “ALL OR NOTHING” PROPOSITION. RATHER, IT'S MORE OF A “HAVE IT YOUR WAY” APPROACH, WHEREIN DEALERS PROVIDE THE DIGITAL RETAILING TOOLS, AND CUSTOMERS USE AS MUCH, OR AS LITTLE, OF THEM AS THEY PREFER.

Such is the nature of digital retailing today. The vast majority of vehicle buyers aren't really looking for a “buy it now”-based, end-to-end digital car deal. They simply want to carve out the parts of buying a car they perceive as potentially problematic and time-consuming, and complete them in a way that's more convenient and easier for them.

The takeaway here for dealers is that digital retailing shouldn't be viewed as an “all or nothing” proposition. Rather, it's more of a “have it your way” approach, wherein dealers provide the digital retailing tools, and customers use as much, or as little, of them as they prefer.

I understand how and why some dealers have landed on an “all or nothing” view of digital retailing. I would simply encourage them to consider the business they're probably missing as they hold out for a complete, end-to-end digital retailing solution the majority of buyers may never want, and might never arrive. 🚗

DALE POLLAK is founder of vAuto and has published several books on his Velocity Method of Management.



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Key Advantages

There are three key advantages for Buy Here-Pay Here auto dealers to establish a strong partnership with their CPA firm: maintaining compliance on bank financing, filing an accurate and clean tax return, and operating at a profit. When these three advantages are realized, the dealership is set up properly to sustain cash flow and avoid costly penalties by state or federal agencies like the IRS.

In this article, we explore common accounting mistakes made in BHPH dealerships in the areas of discounting, reporting, remitting sales tax and customer service – and how to add more structure to efficiently scale up your operation.

Used cars are in high demand – and not just by people with no credit or bad credit. Debt-averse consumers of all stripes are shopping a wide variety of used inventory online or with their favorite dealer.

Subprime lenders also view used cars as a hot commodity again, and have become competition for Buy Here-Pay Here dealers and their related finance

corporations. As the industry saying goes, “Now is the best time...” for BHPH dealers to make sure their systems and records are efficient and clean to compete in this competitive landscape.

There are three distinct advantages to operating a clean and efficient BHPH dealership. Dealers can more easily document and satisfy bank financing terms during an audit. They can plan ahead and file an accurate tax return and remit accurate sales tax. They can also attract and keep more customers in vehicles for a longer period of time.

In our experience, problems with accounting, collections or sales tax remittance often don't come to light until an audit or tax return preparation. That timing may lead to a costlier process to fix problems, including potential penalties by the IRS, state department of revenue or even the Consumer Financial Protection Bureau.

For a few hours a month – and the right knowledge about which data to record and which reports to review – your dealership can be efficient, competitive and scalable. 🚗



SCOTT BATES, CPA, is a partner in the audit practice Cornwell Jackson. Contact Scott at scott.bates@cornwelljackson.com or 972-202-8000.

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SOCIAL MEDIA LESSONS FROM MY PE TEACHER

Exercise These Tips for Success

Teachers can affect our eternity. In fact, it's hard to tell where the influence stops, if at all, even many years later.

On today's social web, our values appear front and center. As the saying goes, reputation is everything, and there are social media lessons to be learned from our days in gym class.

Not every teacher has a profound effect but most of us remember what it was like in PE. My teacher was a short, spunky lady named Mrs. Betty Bruno who was also my cheer coach. The best teachers teach from the heart and Mrs. Bruno's lessons continue to resonate in my world today.

I learned each of these lessons from Mrs. Bruno. Let me know how many resonate with you.

Failure is not fatal. But failure to change might be.

Marketing in the social era can be scary, especially if you're new. People don't know what to post or where to even start. The smart thing to do is begin with a strategy, not tactics. Then, keep failing until you succeed.

Whatever you do, don't do nothing. You need to be where your customers are, and that's social media.

If you find a path with no obstacles, it probably doesn't lead anywhere.

Today we hear a lot of noise urging us to buy a particular social media solution. Don't believe everything you hear. Social media and managing your digital reputation takes hard work, commitment, talent and a budget.

There will be obstacles, but none that can't be overcome. Once you're on the right path, you'll find your sweet spot.

Enthusiasm is everything.

Social media succeeds because we are social animals. Sharing great information with other humans is embedded in our DNA.

Enthusiasm plays a major role in a company's culture. Empower your employees to create content for your social channels. An enthusiastic team is contagious. Customers will catch it and spread the "awesome."

Teachers teach more by what they are than by what they say.

The same is true for your dealership's brand. It's no longer viable to just advertise low prices or great service. Your brand is what consumers tell each other it is.

Social media affords you the opportunity to show proof of what makes your company unique – to illustrate why customers continue to choose you over the competition.

Never mind what others do. Do better than yourself – beat your own record and you're a success.

Many dealers still put a lot of weight on how many Facebook fans or Instagram

followers their competitors have and they judge themselves by it.

What matters today in social media is a highly engaged audience that wants to talk about you to their friends. It's better to have a smaller, engaged group than thousands of followers who'll never think about becoming customers.

Keep score on yourself. Set goals, track KPI's and measure your progress. That's how you succeed in social media.

People rarely succeed unless they're having fun at what they're doing.

I can't begin to tell you the facial expressions I've seen when business owners bring up the subject of social media. Whether you agree or not, having fun on social media is one of the keys to success.

Drop your preconceived ideas and go have some fun!

Experience is a great teacher.

I had a client who recently got their first "hater" on their Facebook page. We rode out the storm by remaining patient.

Often just having faith your regular, engaged fans will right the ship is all that's required. It worked this time and the client proved to themselves social media can boost company image.

In the future, there will be other haters, but each time you experience these situations, you become better at recognizing how to handle them.

Don't limit yourself. What you believe, you can achieve.

With a developed social media strategy, you can engage customers on social media.

Many dealers tell me they have to be on social media because everyone else is. While that's true, they're limiting themselves by not making an investment. Isn't your business worth more than a half-hearted effort?

It's not where you start but where you finish.

Social media is a seismic shift for every auto retailer. It's turning companies, especially retail, upside down because operations must be restructured to accommodate customers' expectations.

Wherever you are right now is a good place to start. It's a moving target – taking swift action matters. Don't just stand there. Ready. Set. Go. 🚗



KATHI KRUSE is an automotive social media marketing expert, blogger, consultant, author, speaker and founder of Kruse Control Inc. Kruse Control coaches, trains & delivers webinars focused on integrating social media and online reputation management into dealership operations.

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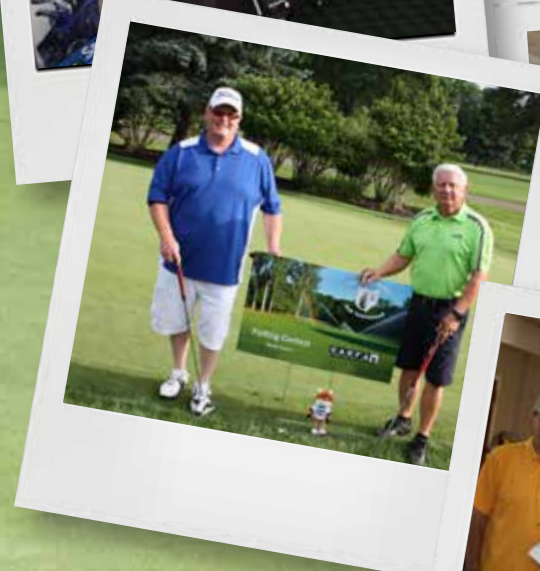
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DOES YOUR SALES PROCESS MEASURE UP?

Time to Fine Tune

Are you fed up with your sales team? Your processes?

If you've watched your salespeople get too comfortable and satisfied with their own performance, maybe it's time to shake things up. And I'm not talking about sweeping house and starting over.

One of the best salespeople I ever met was Jeff Barber. He's now retired and living an awesome life, fishing and hunting in the Colorado Rockies. Jeff would always give me advice when I was working my way up, first as a green-pea, then in management.

Jeff is a former drag racer. He said, "Selling cars is a lot like drag racing – everyone's got an engine, and if they're all built the same way, the one who does the best job of fine tuning his car will win. If you lose a race, you don't tear apart the engine – you fine tune the obvious problems.

"Besides, spark plugs are a lot cheaper than an engine rebuild. We all have the same opportunities in sales, but it's the guys who work smarter and fine tune themselves and their daily routines who will win."

There's huge danger in thinking you've got everything dialed in – especially when it comes to fundamental items in your dealership. For example, have you reviewed your contract and financing forms to make sure they're easy to read, navigate and understand?

Coasting along without conducting basic inspections of basic processes will lead to problems. Without this step, you're likely letting profits walk out the front door – in many cases without even knowing it. Then, there's the other side of the equation – where your processes are so bad everybody knows about it.

United Airlines is an example. Their "established" policies led to a firestorm of public criticism and severely damaged their reputation when they dragged a bleeding passenger off a plane.

Lack of knowing or lack of inspections will harm your dealership. In the long run, it could damage its reputation, which could take years to bring back to glory days.

Here's an example. One of the nation's largest dealers recently sold me and my wife a car, but not without many hours of illegible paperwork, and frustrating old school 4-square processes that didn't even pertain to my situation.

If a customer brings in a 60 percent down payment of a free and clear trade, and the salesperson says, "They can't calculate the payments unless you put cash down," it can

be a little frustrating to say the least. And no, this wasn't a green pea. It was an eight-year veteran, and yes the desk required a cash dollar down before they would work up figures, apparently to adhere to established policies. After this silly process, the paperwork was hard to read and looked like it had been copied repeatedly since 1993.

Finance processes and slowdowns also can lead to hours of unproductive time for staff, not to mention the reputation it's putting into your customer's head. If it can happen in a big box store, it can happen anywhere.

Here's where and how to fine tune your sales engine without large amounts of cash or time investment.

Who are you selling to?

Whether business is good, decent, or falling off a cliff, look at where sales are or are not coming from. If your dealership has a loyal base of aging customers, you'd better start planning for the next generation of buyers – who have demands, expectations and values different from your older customer base. Ask around, talk to Millennials and find out what they want, what would bring them in the dealership, and what turnoffs exist.

Many younger generation buyers don't believe in the dealership model at all, so you'd better have your Internet department bulletproof, and start thinking outside the box. The dealership model is changing in many ways, and if we rely on "doing things as we've always done" you can find yourself kicked to the curb.

In fact, there's nothing wrong with a salesperson asking an UP, "What do you hate most about buying a car?" At least it isn't the same old, "Can I help you?" It gives customers a chance to vent, and gives the salesperson an opportunity to show off why your store is different, and they've just found someone who listens.

Salespeople and Performance

First, look at your sales board and who's selling the most cars and why. Then do the same with the bottom of the board.

If you have good information, either from a CRM or a paper-based system, you can tell why the top guys are leading and the bottom guys are trailing. It usually stems from a "sales process glitch." Your top guy who talks to 50 people is usually demo-ing at least 35 of them. What are your bottom guys demo-ing? How many are they writing up?

Raw data on the basics can convey a lot you may have skipped over. Getting a handle on the basics gives you a place to start but it's a long way from the finish line.

For example, good sales performers always can be made better with improved prospecting, tracking and accountability techniques. Poor sales performers likewise can improve with these same steps. There's always room for improvement. Factor in



THERE'S ALMOST NOTHING WORSE THAN HAVING A HAPPY CUSTOMER GO BAD BECAUSE OF BAD PAPERWORK OR A SLOW PROCESS DURING DELIVERY.

the ideas, insights and idiosyncrasies of the up-and-coming customer base and address how to best handle different buying groups – the older, more established and loyal crowd and the younger generation.

Finance and Delivery Processes and Procedures

There's almost nothing worse than having a happy customer go bad because of bad paperwork or a slow process during delivery. This is what happened to me at the big box store with my wife. Frankly, I was amazed. Given this dealership's size, the last thing I expected was hardcopy paperwork where type was illegible and agreements were poorly written.

Obviously, I wasn't alone in this situation. Most people usually don't wait for the question about what they hate about a dealership experience. Most will tell us without asking – they hate that the process takes so long, even when they do most of the homework ahead of time online.

It leaves me asking the following question: How many people will not return, or show consistent loyalty, to a dealership because their last impression was unfavorable?

Today's sale is a chance to do one of two things: Solidify a long term customer, or make them wonder why your dealership isn't keeping up with the times. 🚗



Former dealer executive **SCOTT BERGERON** is the founder and principal at Daily Gameplan (www.dailygameplan.com), a sales team performance company. Daily Gameplan's "Red Book," cloud-based CRM, and direct consulting have been used in thousands of dealerships throughout the United States. Bergeron can be reached at 303.918.3169 or scott@dailygameplan.com.



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