



Mark Proctor

POLICY AND PROCEDURE FOR PROFIT

There are many ways to bring a current or future prospect into a dealership. How we treat that opportunity is what matters most. Let's take a look at common dealership problems, and recommend practical solutions that will increase the bottom line without increasing expenses.

Dealerships sell X amount of units primarily based on four things: inventory, advertising, personnel and market conditions. The only question is how much profit you make and how much you keep?

Most dealerships allow salespeople access to one or more of the following: invoices, used car costs, appraisals, F&I rate sheets, factory-to-dealer and consumer incentives, credit bureaus, computers or factor charts to quote payments. And you wonder why your profit is where it is; you should be grateful for what you *do* retain. *Most of your profit is given away before your customer enters the showroom to negotiate a transaction.* Nine times out of 10 you end up "backing into a car deal" to get to a certain payment, trade difference or allowance. Sound familiar? A salesperson normally takes the course of least resistance. It is easier to work the desk than the customer.

Remember what it is like to be under the gun at 4 p.m., trying to put something on the books? Many salespeople and managers work every day and deal under the same pressure.

Scared money can't win. First, if a salesperson has not done his job, he hasn't earned the right to ask for a fair, just and equitable profit. Say you have a salesperson who's in the manager's office 5 or 10 minutes after meeting a customer needing the "absolute best," "one shot," saying "he's

shopping," "I need to sell a car," "help me" or "we have had the unit forever." Fire him or train him, but do it *now*. He is costing you a fortune. And it is less expensive to develop and train salespeople for life than it is to replace them.

You cannot have customers for life without employees for life. Salespeople must learn how to slow a prospect down and create a "different buying experience" if they want to hold gross. They must earn the "right" to make the sale and a fair profit.

Policy and Procedure Basics

If anyone is allowed to break policy and procedure without consequences, all other dealership policies will never be taken seriously and your ability to manage is reduced. The fear of losing or alienating one customer *often results in the loss of many.*

100 Percent Management Turn

A change of face is a powerful tool. A sales manager must take a turn on every customer, sold or not (though it is equally important in both cases). A courtesy "T.O." and simple question ("Thank you for considering our dealership. Have you received all the information you need to make a decision?") will produce an additional 10 to 15 percent in sales.

100 Percent Follow-Up ...

No Exceptions

Getting a name, address and phone number is required on *all* customers. It is frustrating our prospects don't follow-up better on our sales people, so we must do a better job following up on sold and unsold customers. Nine out of 10 consumers who purchased vehicles in the last 12 months cannot tell you the name of the salesperson who sold them their vehicle. Closing ratios as well as customer retention can be devastated by

a lack of follow-up. The vast majority of salespeople do not follow-up; therefore, it is up to the dealership to require it. Look at your cost to bring a single prospect in the front door, then ask yourself why you would not do everything possible to maximize each and every opportunity to do business.

Follow the Steps ... No Shortcuts

Without a proper product presentation and a demo drive, all you have to sell is price, and you cannot win. Statistics confirm that 97 percent of our customers will not buy a car without driving it. Pretty simple stuff, yet we continue to negotiate and give shopping packages to prospects who have not received a proper demo or product presentation. Eight out of 10 buying customers list the product presentation as a determining factor in their decision. Any dealer in town will take your customer, often for \$100 less. The steps establish a structure that will allow a salesperson to slow a prospect down, Establish a relationship, qualify wants and needs, present and demonstrate the product and ask for the sale. Eliminate inventory price lists. If your inventory is so large or your sales department is unwilling or not required to walk and learn the inventory daily and you feel it is necessary to provide a list, *do not* include prices. You are enabling weak salespeople. Why should a salesperson walk the lot or check with his manager to see if a new or used specific or similar unit is available or can be acquired — much less touch the desk to get today's selling price, market value or a turn if needed — when it's easier for him to rely on his two-week-old incomplete inventory list?

Incoming Sales Calls

These must be handled by managers who have been trained to obtain name and phone numbers and set appointments or use a virtual BDC/Phone Center. About 92 percent of potential customers who are given a price over the phone call another dealer who probably assures the prospect "I can beat that deal." There are only two things you can accomplish by phone. Obtain a name and phone number, and set an appointment.

It is time to get back to basics and always inspect what you expect.

Mark Proctor is the president of Preferred Dealer Services, Inc. He can be contacted at 866.922.3541, or by e-mail at mproctor@autosuccessonline.com.

"Salespeople must learn how to slow a prospect down and create a 'different buying experience' if they want to hold gross."

**SLOW
DOWN**