

NADA Overview and Speaker Summary

Conference Summary

The main focus for this year was once again on the use of the internet, how to use maximisation and manipulation in all areas of the dealership, along with just a few core skill workshops covering sales and aftersales.

Delegates appeared to be significantly down on previous years as were the number of exhibitors. However, the message from the NADA board was still clear and positive, to be confident in the face of change and to review your strategies.

Speaker Summary

Every year we have the opportunity to visit only a select number of workshops. Many of them are targeted at the US market covering employment, tax and local compliance issues but there are several which are applicable to the UK market. At ASE we select the sessions based on their relevance to the UK market and extract key best practice ideas to use with our clients. In Orlando ASE visited the following speaker sessions, the key points of which are included for your information.

Online Thinking for Dealership Leaders – Jared Hamilton

- The average dealer spends around £700 per car sale on advertising,
- Only 5% of advertising goes on the web.
- A typical dealership has 10% of its sales staff on internet and 90% in showroom, statistics say that 95% of customers go through the web first.
- The web therefore, should not just be used as a marketing tool, but should be managed the same as in the showroom. It should be used to track where customers fall out of the sales process (landing page, vehicle search, vehicle photos etc) and where we convert visitors to leads, just like with a customer phone call.
- The dealership Internet strategy should be based on 3 pillars
 - Structure – e.g. does the dealership have a structure in place to ensure there is fresh content daily? (Google searches for fresh content)
 - Process – e.g. is there a process in place to ensure email leads are responded to within 10 minutes? (any longer and the customer will be on someone else's website)
 - Marketing – how are you driving customers onto your website?
- 84% of customers read reviews given on the web (e.g. Trip Advisor) before they purchase anything. It is important that a dealership is positioned correctly to cover all social media and solicit favourable comments from the customer base to ensure that the customer gains access to nothing but positive feedback.

There needs to be a strategy to manage social side of the web:-

- Listen to what the customers are saying e.g. United Breaks Guitars on U Tube – 7 million hits
- Respond on the correct medium (U Tube, Linked in, Facebook etc)
- Be transparent
- Be genuine
- Be creative

10 Critical Numbers to Dealership Success – Heather Haynes

- KPI's should be tracked regularly so you always know where you are, where you are going, and how are you going to get there.
- According to Heather Haynes, the following 10 points are what you need to look out for to track a dealership and achieve success:
 1. Total store gross profit
 2. Overhead Absorption – the current average in the USA is 55%
 3. Mechanical Gross Average per Repair Order and Parts Gross Average per Parts Sale – indicators of:-
 - a. Your prices
 - b. Tech v advisor ratio (1 advisor to 5 techs on average)
 - c. Up selling ability
 - d. Days in stock
 - e. Effective labour rate
 - f. GP on service and parts
 - g. Hours per job card
 - h. Wholesale to retail mix
 4. Accounts receivable and accounts payable
 5. Net deal average
 6. Incentives and F&I accounts
 7. Used vehicle stock metrics
 8. New vehicle stock metrics
 9. Customer opportunity control
 10. Sales satisfaction index.

4 Essentials to Achieving 100% Service Absorption – Don Reed

- Currently service absorption in the US is at 55% with hours per job card at 1.3. These “poor” results are due to the lack of accountability in the aftersales departments. High levels of accountability in the sales departments are not replicated in service and parts, this is namely because these departments are not target driven.
- 84% of total aftersales business in US is done by fastfit/aftermarket specialists, this is namely because they are more convenient for the customer to get to (location; opening hours; price).
- The average service advisor generates around £1,000 per day, which is almost double to what a sales exec will achieve. To match the sales generated by the Service Advisor, a Sales Executive must sell at least 1 car per day, working 26 days per month. With these results in mind, why does the Sales Executive get the most training?

The 4 Essentials:

1. Control Expenses – specifically consumables and customer compensation
2. Improve Margins – eliminate unauthorised discounts, install variable labour rates, hire ‘C’ grade technicians to do some work and install a parts pricing matrix. Profit margin is a matter of discipline. The Sales Manager authorises all sales discounts but the Service Advisor (not manager) authorises all service and parts discounts.
3. Raise sales per job card – Service drive walk round, presenting a maintenance menu to every customer (people always order off a menu!) should add 0.5 hours; advising the customer on inspection results should add 0.7 hours
 - 81% of customer labour comes from the phones
 - 86% of service advisors try and diagnose over the phone
 - 57% do not ask customer for an appointment
 - 81% quote price before they know what is wrong
 - 95% quote higher prices than fastfit allowing the customer to shop around
4. Increase number of job cards – sell appointments, send appointment reminders, call no shows, start telephone training; convenient hours of operation, owner retention marketing planner.

Strategy for using the 4 essential:-

- Build your business plan
- Get committed to the plan
- Sell your plan to employees as COE (condition of employment)
- Measure performance daily
- Hold everyone accountable
- Get ready for change
- Stop recycling underachievers

Best 20 Group Ideas of 2009 – Butch Holister

In the US the 20 Groups operate in the same way as Profit Clinics / Business Clubs do in the UK, except that they are lead by the dealers not the Brands. Every year there is a presentation of the best ideas to come out of these sessions, 2 of which have been selected as applicable to the UK market.

1. Customer Product Evaluation

Salesmen should spend the 1st hour of every day in the service department talking to their customers. Where the customer requires taking home / to work, a salesman should take them in a comparison car and ask them to do an evaluation. Half way home, get the customer to drive.

2. The Pyramid

To those who are familiar, this method is very similar to that of the “9 Square Grid”. The basic rules are as follows;

- No one earns until each cell is full
- Every level has a bonus (e.g. in the diagram)
- Used every month
- Can be for sales gross / used stock aging / hours per job card etc
- Set fixed bonus pot available at the start of each month
- e.g. set £1500 gross as starting point,
- If £1550 is achieved he goes top (1),
- If £1600 is achieved by 2 he replaces 1
- If £1560 is achieved by 3 he goes on 2nd line with 1
- Even when every cell in the triangle is full Sales Execs try and push for top spot as the Pyramid runs for the full month.
- In the example below the bonus pot is fixed for the month at £5,000, which is only payable if at least £15,000 gross is earned (10 cells at > £1,500 gross per cell)
- Each salesman can have more than 1 place on the grid

