



Matt Baker

# DEALERSHIP ISSUES UNZIPPED:

Answers to Common Concerns Revealed

Whether you're a manufacturer, a dealer or a vendor, there's one thing we've got in common. We're all in continuous pursuit of ways to effectively improve ourselves and our business.

Over the years I've been asked some pretty interesting questions regarding best business practices. Some have been submitted by clients, yet most have come from industry professionals who've simply reached out in search of ideas.

As a result, I've compiled responses to a few of the most common questions I've been asked. Some may help you. Some may not. Just consider this article as an opportunity to potentially gain some free and helpful advice.

**Q: "What one thing would you recommend I do to help increase my grosses?"**

*Dealer, Denver, CO*

**A:** Everyone's looking for that "magic bullet." The only problem is that it doesn't exist. There's no one, fail-proof answer to this question. Increasing dealership grosses requires concentration on a lot of things.

Take a careful look at how you're reaching out to new or existing customers. If you come up empty handed, you're in trouble. Opting to dump all advertising initiatives to save yourself some dough will not help you sell more cars. The first step to increasing your dealership's gross profit requires customers on your lot. Make an effort to reach out to the consumers in your market and give them a compelling reason to visit your dealership. Doing this successfully does not necessarily require some big-budget ad campaign. I've seen lots of small-budget advertising efforts pay off for dealers. Bottom line: In order to start trying to grow your bottom line, you need to advertise.

Next, examine your sales department. How motivated are they to perform? What techniques are they using to close the deal (if they're closing deals at all)? Today's tough economy has put even the best sales professionals into a tailspin. Loss of hope in many cases can lead to desperate selling, and desperate selling leads to a decline in profitability. Consider reevaluating your methods to motivate and train your sales force. Could this require bringing in a motivational coach or training consultant? Perhaps. But don't let the potential need to outsource these items get in the way

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of addressing the severity of these issues head on. In many cases, small changes to a dealership's motivational technique or training process can reap big results.

Similarly, consider what systems you have in place. Is your sales team following that system? When times get tough, salespeople and managers tend to skip steps. They become so focused on getting the deal that they forget to sell the deal.

**Q: "I know I need to do something to help improve sales, but as our profitability declines it seems increasingly risky to try something new. Do you have any advice for dealers who are faced with this risk?"**

*Dealer, Richmond, VA*

**A:** Let's start with issue No. 1 — You are the dealer. If you don't take risks, how can you expect your employees to take risks? In other words, if you are paralyzed, your company will be, too.

We are all paralyzed by fear from time to time. Has it ever worked out for you when it's happened before? Wasn't there a point where you blocked out the risk and got out of being paralyzed? Fear is your biggest enemy. If you let it consume your every thought, you will get exactly what you fear.

However, there's a flip side to this. If you focus on what you want, your chances of getting it dramatically increase. Even more encouraging is that never in your lifetime will you see as many people paralyzed by fear as there are today. By choosing to take risks, you are better positioned to crush your competition. Why? Because your competition chooses to stay paralyzed. Would you prefer to wait around, doing nothing, until your competition's confidence gets stronger? Think about in terms of a sport. The best time to finish a game is when the competition's confidence is down.

**Q: "My marketing budget is tight. Where is my marketing money best allocated?"**

*Dealer, Des Moines, IA*

**A:** This might just be the million dollar question. Almost every dealer I've spoken with has had to make cuts to their marketing plans. So what's a dealer to do? Here's my advice: Ensure that your advertising — no matter what media you choose — includes a powerful call to action to get prospects off the couch.

Use specific offers to entice interest. Just as

you are in pursuit of the best marketing on a budget, your customers are in pursuit of the best deal on their next car. Brand awareness advertising is not going to bring you customers in today's tough market.

**Q: "I know the economy has been tough on everyone, especially sales staff. Is there something I can do to ensure my salespeople don't jump ship?"**

*GM, Birmingham, AL*

**A:** Focus on three things: training, pay plan and employee treatment.

## Training

Investing in continuous improvement programs for sales staff proves that you have a valued interest in them and their performance. Give your staff the opportunity to learn tricks and techniques that will improve their ability and earning potential. The happiest sales people are often those who are making the biggest bank. Teach your sales team effective ways to capitalize on your dealership's opportunities and they'll have little reason to look elsewhere for employment.

## Pay Plan

Develop a pay plan and stick to it. The quickest way to lose key employees is to change their pay plan.

## Employee Treatment

Your top-performing employees are your greatest asset. Treat them as though they were your clients. Keep your promises. Publicly address a job well done. Help them develop dreams about what the future can bring. There is tremendous loyalty created when you teach them about all aspects of well-balanced life, not just making money.

Have a question on improving an aspect of your business that wasn't addressed here? E-mail your question to me at the address below, and I'll be more than happy to address it in an upcoming issue of *AutoSuccess*.

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