

JUNE 2014 | AUTODEALERMONTLY.COM

MONTHLY

# auto**dealer**

YOUR DAILY OPERATION MAGAZINE

**PAY PLANS FOR  
INTERNET AND BDC**

**FLAT FEES  
PUT PRESSURE  
ON DEALERS**

## TAKING BACK SUNDAYS

**ILLINOIS DEALERS, STATE LEGISLATORS  
AND THE FTC ARE LOCKED IN A DEBATE  
OVER THE BAN ON SUNDAY SALES**





GSI/STOCKPHOTO.COM/INDOFRANZ

**Successful dealers lead by example. Strive for perfection and expect the same from your sales and finance teams.**

**“Is that the best you can do?”** If we’re honest, the answer is always “No.” Whatever you’re trying to accomplish in your job, in your life or for your dealership, “good enough” is the enemy of best, “close enough” is best friends with failure and “let’s be realistic” is the first step on the road to mediocrity.

One of my long-term clients is the principal of a group of dealerships and the unquestioned leader of his operation. You certainly don’t need to be a dealer principal to be a leader, but you have to be a leader if you want your dealership to reflect your vision of success.

My client’s inventory is displayed in perfectly straight rows. His stores are not new, and they’re not the Taj Mahal, but they are immaculate. If he sees a piece of trash on one of his lots, he stops and picks it up. I’ve

seen him do it. If there is a weed growing in a crack in the pavement, he’ll reach down and pull it up. If the coffee pot is empty, he’ll stop and make more.

When a customer is unhappy, he always takes the call. If an employee has a problem, his door is always open. Every morning, a different salesperson performs a full walkaround of a vehicle in the showroom for the rest of the sales team. Their presentation is then critiqued by their peers and the sales managers. Training, for every worker in every department, is a continuous process.

That training has paid off in more ways than one. When one of my client’s employees sees a piece of trash on the lot, they too will stop and pick it up, and not because anybody told them to. They have all seen their leader do it.

In the F&I office, every transaction is recorded. Every month, at least three videos per manager are reviewed and critiqued. CSI scores and comments are read aloud in the morning sales meeting, and perfect scores are the rule, not the exception. Perfection is expected. Excellence is tolerated.

#### **LEADERSHIP TRAINING**

As John Maxwell says, “People have to buy into the leader before they buy into the vision.” My client wants his customers to have the perfect car-buying experience. If it’s not the perfect experience, he asks what needs to be done to improve it. You must set a standard level of performance that the people in your organization are expected to meet. That requires you to consider not just how much profit is gen-

# “AS THE LEADER OF YOUR TEAM, ULTIMATELY, IT’S YOUR EXPECTATIONS THAT GOVERN HOW EVERY ONE OF YOUR EMPLOYEES IS BEING TREATED AND WHETHER THEY LOOK FORWARD TO COMING TO WORK EVERY DAY.”

erated, but how it is generated.

As the leader of your team, ultimately, it’s your expectations that govern how every one of your employees is being treated, how well they treat each other, how good they become at their job, and whether or not they look forward to coming to work every day. As their employer, you can attempt to set the bar for your employees by telling them what you expect of them — and hope they remember it. But true leaders set expectations by their actions.

I once showed up to an appointment with a prospective client. He was meeting with his management team, so his receptionist asked me to wait outside his office. I listened for nearly 45 minutes as the owner berated his managers in a profanity-laced tirade. He questioned everything from their intelligence to their manhood. Anyone passing by could hear it, because he was shouting every word.

This dealer’s idea of motivation was to scream at anyone who was not performing up to his expectations. His Whac-a-Mole management technique had that dealership in constant turmoil and turnover. He might just as well have walked around, asking, “Not counting tomorrow, how long have you worked here?”

Expecting perfection requires more than continuously pointing out when someone fails to achieve it. When people fail to live up to your expectations and make mistakes, which they do, daily, you can encourage them to make better decisions. Pointing out their shortcomings can only serve to demotivate them. As the director of success, you have to continuously encourage, guide and motivate your team. Once a leader crushes

someone’s spirit or dampens their enthusiasm, it’s almost impossible to get it back.

## PENETRATION RATES

A Toyota dealer we work with averages better than 70% vehicle service contract penetration. As his lead F&I trainer, I wish I



**When was the last time you made coffee? It may seem trivial, but your staff will follow your example in every aspect of your operation, from break room etiquette to service contract sales.**

could take the credit for such outstanding performance. Our training has definitely made a big difference, but the primary reason his team does such a phenomenal job selling service contracts is because the dealer principal never fails to do so himself.

How? Well, here is his word-track: “I have been in this business a long time, and I have a lot of friends, family and business associates who want to buy here. But I tell them right up front, ‘I’ll make you a great

deal on your new Toyota, and I’d love to have you buy it from me. I just have one favor to ask.”

“What’s that?”

“I tell them I want them to buy a vehicle service contract. I don’t build these cars, I just sell them. And if they ever have a problem, I want to be able to provide roadside assistance. I want to be able to tow the car in, give them a loaner and have the repair covered. If they’re on vacation when it happens, I want to be able to put them up in a hotel until it’s repaired. Because I don’t ever want this sale to jeopardize our relationship. My friends, family and business partners are more important to me than a sale.”

He runs 100% penetration. He really does. Every vehicle he sends to the F&I office comes with a service contract already sold. When their leader is running 100% penetration, and the F&I department is only at 50%, they feel that pressure. But they’re equipped with the tools to improve and an example to follow.

On the other hand, I also worked with one dealer who told his friends, family members and business associates that they didn’t need a service agreement. When he handed those deals off to an F&I manager, they were told to not push products. That clearly conveys to a manager that their boss doesn’t believe in the products they’re being asked to sell.

One major reason many F&I people fail to achieve their full potential is that inner voice that is always asking, “Why should I bother?” That inner voice has a thousand reasons why something won’t work. They don’t believe they can achieve perfection and, in many cases, the dealer doesn’t really expect them to. So why should they bother?

Provide your team with the training and tools necessary to achieve perfection and, more importantly, lead by example. You will be amazed at the effect it will have on your sales team, not to mention the profits your F&I department can generate. **ADM**



Ronald J. Reahard is president of Reahard & Associates Inc. and ranks among the industry’s leading F&I trainers, authors, consultants and speakers.  
[RReahard@AutoDealerMonthly.com](mailto:RReahard@AutoDealerMonthly.com)