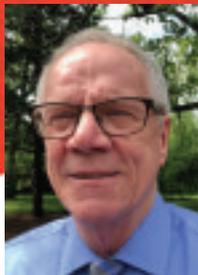


DEalersHIP TRAINING

HELPING AUTO DEALERS TRIPLE THEIR PROFITS

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With the amount of changes taking place in dealerships today and the speed in which they are happening, ask yourself the following questions:

- Is your dealership like all the others, with shrinking new car margins?
- Are your pre-owned margins also slipping?

- Does your dealership have inconsistent and unobtainable factory monthly objectives?
- Is your fixed absorption rate is less than 100%?
- Is your owner retention is less than 85%?

If you answered yes to these questions, then this message is just for you.

The service and parts business is your answer. Gross profit margins are “rock solid.” Owner retention is the Holy Grail and now is the time to re-capture your owner base. There’s a cost to ignoring this opportunity — you are leaving hundreds of thousands of dollars on the table.

You must have 100% service absorption today in order to survive — and here’s why: NADA reported that light vehicle departments reported operating losses for the first time since NADA began tracking in 2009. What most dealerships are experiencing is the only time they really make any money is if they hit their factory objective. Most dealerships suffer a net loss each month with the sales side selling vehicles at internet prices. If you’re only getting 50-60% absorption, it’s very hard to make any significant money. If you’re at less than 100% absorption you are at risk; if your owner retention is under 85% you are at risk; and if you are not training, measuring and managing the service side like you are in the sales department, you are at risk.

What happens if you just keep doing what you’ve been doing, hoping you will hit the factory incentives, which will carry you, hoping they are attainable and hoping your sales team works hard this month? Then you are leaving hundreds of thousands of dollars on the table by not investing in your service department.

Service Absorption Success Story

A few years ago, a dealership decided to really focus on service and parts. First they built a service BDC. At the beginning, they were setting in-coming call appointments, recalls and very few outbound calls. On a typical day, they would set on average 35-45 appointments.

They had the same service manager for over 25 years and it was time to make a change. As they brought the new manager on, they included him in all of the managers’ meetings, they counseled him on staffing, helped him find technicians and continuously trained the service advisors. They tutored him with the accountability side, helped measure service department benchmarks and provided daily, weekly and monthly reports that they reviewed with him regularly.

Currently the BDC is setting 90-110 appointments per day and the service and parts departments now carry the bulk of net operating profit for the store. Retention is 85% and their absorption bounces near 90-110% each month. How well would you sleep at night with those numbers?

You have a choice to make: You can continue to do what you’ve been doing (or worse, do nothing at all). You know where that will lead. Or you can take a new action and get a new result. You have hundreds of thousands of dollars to make by increasing your absorption rate, by increasing your owner retention, by reducing employee turnover, by not worrying about hitting the factory “back-end” money.

Where Should You Start?

Everybody in the dealerships needs to be educated on the importance of owner retention. If you want salespeople to perform a great sales-to-service hand-off, educate them on how that will sell more vehicles in the future — which will make them more money in the future.

The average service advisor sees 15-20 people per day, 400 per month, 5,000 per year. How well do we help this person with selling skills training, relationship building training? Take time to educate them and work with them. Determine individual strengths and weaknesses in your service department and then help them learn ways to improve on areas they need help with.

We spend so much more time with salespeople training them and ignoring the ones who create our future. Focusing on the department that can generate the most profit for the dealership in the future if you will just give it the attention it deserves. The training you don’t provide can’t help you. *DS*

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