

## The Learning Dealership

Written by Jim Leman

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I like this metaphor of comparing training and development to honing tools so they perform more efficiently and productively. In the same way, achieving improved individual and therefore dealership performance is the reason to invest time, dollars, and enthusiasm into becoming better at your business.

In fact, working with old tools can be very costly to your bottom line. "When it comes to F&I, many of the F&I practices learned eight years ago are the felonies of today," says Ron Reahard of Reahard and Associates, an F&I training and consulting company located in Soddy-Daisy, TN.

As Mark Tewart of the training firm Tewart Enterprises, Inc., Lebanon, OH, notes, "Nobody gets better at anything unless they are continually learning and training. It is the focal point of success for anybody who does anything well."

Training and ongoing development not only help staff improve their individual results, but in today's litigious environment, they also help a dealership avoid those things that can get them into very dangerous legal waters. Many dealer operators and their key managers understand this completely. Some have even established on or off-site training facilities, or retained training consultants, to ensure that their staffs are exposed to continual training.

This article touches on the latest "saw-sharpening" insights for the key profit centers—showroom, used car, F&I, Internet, and service. I encourage you to contact the experts mentioned here, each of whom has a solid track record of delivering measurable results from their training and development services. As Mark Tewart says, "One thing I know is that in tough times the one dollar that a dealer should spend that will show him or her immediate and long-term results is on educating his or her people."

### Receptionist training

The receptionist isn't a profit center per se, but this individual is often where the first impression of the dealership is created. Yet, Tewart notes, "The people who staff this key customer relationship department rarely, if ever, receive training on how to establish the right impression."

### Vehicle sales training

As a new and used vehicle sales trainer, Tewart likes to distinguish training from its longer-term cousin, education. "Training is like a sunburn," he says, "it hurts and then it goes away. Education is more enduring." The message is similar to what public speakers and professional writers are taught: Tell them what you're going to tell them- tell them- and then tell them again. This training should be less about product and more about the subtle nuances that drive a customer to feel comfortable working with a salesperson, or walk right out the door.

"Anybody can rote remember product information, but this is not what sells cars," Tewart notes.

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"Salespeople have to learn four skill sets: selling, people, life, and marketing. Salespeople who don't reach their potential are those who focus on product skills to the neglect of these other skill sets."

Let us look at each of these nuance skill sets:

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**Selling skills:** These skills include the "road to the sale" fundamentals, and Tewart says it should also include a discussion about why your dealership sells vehicles the way it does. New sales-people, especially those recruited from outside the industry, may be unfamiliar with dealership processes, and may stumble at key steps to the sale such as the negotiating phase. As Tewart notes, "The how part of the sales process is more easily understood, and therefore embraced, when the why part of the process is also understood."

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**People skills:** One people skill many struggle to master is the art of active listening. Active listeners really listen and truly understand not only what the customer is saying, but also what the customer means. Active listening requires being good at reading voice tonality and body language. The focus here should be on understanding the feelings behind various tones of voice, body postures, gestures, and eye movements.

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**Life skills:** Attitude cannot be underestimated as a component of success. The right attitude, coupled with disciplined action, can help remove mental roadblocks to moving forward. These nuance skills help a 15-unit-a-month salesperson remain consistently strong, month after month. Life skills include goal setting, time management, and planning, along with the events you put in place during your day to drive the results you wish to obtain.

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**Marketing skills:** Tewart encourages every salesperson to become adept at marketing both themselves, and the dealership that employs them. Marketing skills bring customers into the showroom where the prior three skills can be put into action. "Leaving marketing up to newspaper advertisements and Internet lead generation isn't enough," Tewart notes. "Every salesperson should learn to write good marketing and sales copy, so their customer letters or email responses connect with customers. A personal, conversational style versus a generic pre-formatted letter, will better deliver the emotional element that makes that connection with the customer."

"My advice to salespeople is this: Do not use the excuse that this type of training is the dealership's responsibility to you. You're responsible for your life, so get the training yourself, if need be," says Tewart.

Internet sales

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This department is the "Rodney Dangerfield" of profit centers for many dealerships, even today. Internet sales trainer Cory Mosley of Mosley Automotive Group, Clark, New Jersey, certainly believes so. "Some dealers simply don't have the respect for what an Internet department can do for the entire dealership, because the Internet department is still considered a new profit center and many dealer operators aren't sure what they are supposed to do with it. Other dealers who have embraced it failed to make theirs successful for one reason or another. All these reasons add up to some dealers being adverse to training or investing in this department."

In Internet sales, full throttle is the only way to go. "Dealers should decide whether they're going to be in the Internet sales business and then establish that top-down commitment, or get out," Mosley says.

Lack of top-down commitment is often obvious, and without actions to demonstrate this commitment, it's merely lip service. Mosley notes that he has visited dealerships to provide in-store training for highly budgeted Internet departments only to find that the general managers who were scheduled to kick off the programs were nowhere to be found, the training rooms weren't set up, and the attendees were constantly ducking in and out of the classroom. "Such a dealership has no resolve to succeed. This is a major issue in Internet sales training," he says. "Training must focus on the mindset that is right for this job and the support that this job requires- how you actually do it is elementary. The key is how you set up the department, the processes you put in place, and how the whole is managed."

Internet sales trainer, David Kain, of Kain Automotive, in Lexington, Kentucky, notes that, "As the Internet department has become recognized (by providers of services to it anyway) Internet managers are spending a considerable amount of time talking to vendors and less time actually handling leads, setting appointments, and selling cars."

"This is distracting them from supervising their team and managing the business. In some cases we recommend those roles be separated, with vendor discussions and Internet advertising activities, being assigned to whoever handles overall marketing for the dealership so the Internet manager can drive sales," Kain says.

Kain also trains Internet sales personnel to be more patient. "It is one of the big needs to be worked on," he says. "The trend is to rush the appointment-setting, so we often don't take the time to give the Internet customer the information he or she wants before we put on the pressure to set an appointment."

"Instead, we need to build value in the customer's eye that the appointment is a good idea&hellip;to help them understand, through coaching, that should the customer decide to visit the store&mdash;which you encourage him or her to do&mdash;you'll show the product, demonstrate it, make sure they understand all about the vehicle, and if they decide it is the vehicle they want to buy, only then provide all the pricing information as well as trade and financing details," he says.

"We want to sound [like] the most organized, most professional dealership in the market so the

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customer realizes he's dealing with a true Internet dealership, not just a dealership that wants to sell them a car, and there is a difference," Kain notes.

How does your Internet department compare to the top performers? Mosley offers the following measures:

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Are your results commensurate with your Internet department plan? Do you have a plan? If your strategy is to increase volume: What is your volume? If it is to increase profit margin: What are your profit numbers?

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Do you close 12 to 15 percent of your leads? Does the Internet department/BDC contribute 25 percent of your dealership's sales?

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Is your cost-per-sale of those deals at least 50 percent less than the cost-per-sale of vehicles sold through traditional media?

### F&A sales training

Lack of training here can get a dealership into trouble. "Most dealers do get the need for F&A training, but they often don't pause long enough to consider that an F&A manager with eight years experience is working in a business that has changed dramatically," notes F&A trainer, Reahard. "What that F&A manager learned eight years ago, those are the sales techniques that are the felonies of today." Felonies such as payment packing, excessive rate mark-up, service contract prices that verge on gouging, and any number of once-common practices that shouldn't fly today.

F&A managers and their dealers who persist with these techniques are being caught left and right. "This is where so many dealers get tripped up," Reahard adds. "Attorneys today aren't chasing ambulances, they're chasing vehicle registrations. They buy registration lists and mail postcards to those owners offering to review their contract for fraudulent charges. Dealers may not realize how susceptible they are to a "loose cannon" in their F&A department, where one "bad apple" can cost them their franchise and more."

F&A training today must focus on not only selling techniques, proper menu presentation, and how to sell the value of GAP, service contracts, and other F&A products, but on the various compliance regulations. Given the F&A landscape, the finance staff should train on an ongoing basis to stay current and be sure learned skills are assimilated and used.

Reahard also works with his clients to help the finance staff use a discovery-based selling process. Rather than presenting a features-benefits pitch to customers in the business office—which customers recognize as a sales pitch—he teaches a value or needs-based sale.

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A needs-based sale helps customers understand the value of GAP, accident and health insurance, or any number of F&A products. Listening carefully to customers can help identify your opportunity to present effectively. For example:

&Oslash- A customer mentions that when the new vehicle she's buying is older, she'll pass it along to a child going to college. Here is the time to explain that the last thing that parents need to worry about when that happens, are vehicle problems and that a vehicle service contract can help the parent and child relax, knowing any repair costs are covered.

&Oslash- A review of the customer's credit bureau shows a history of late payments on medical expenses. This should be a tip-off that the customer already has medical issues and is challenged to meet those costs. Explain that accident and health insurance coverage pays for the customer's vehicle installment loan or lease payments, should the customer become ill, helping him or her avoid another negative impact to his or her credit rating.

&middot- Visual selling helps buyers understand why an F&A product has value where words cannot. Given that 65 percent of communication is visual, use props to drive home selling points. When discussing the value of a service contract, hand the customer an engine control module as you discuss what systems the service contract covers. Reahard notes that handing a customer an engine control module while the finance specialist discusses service contracts can help the customer actually visualize what vehicle systems can fail.

"Despite these well-intentioned ideas, a man's heart is where his treasure is, so as long as F&A compensation plans reward old ways, little is going to change," Reahard notes. He encourages dealers to evaluate their F&A compensation plans so they focus on rewarding finance staff for meeting customer needs. "The problem is not the training of the finance manager, but that they work their pay plan. If the pay plan says to plunder [the customer], that is what they are going to do," he says.

### Service sales

If it isn't clear by now, training must be part of an overall culture of learning and improving within the dealership. Without a process that reinforces what staff learns on the job, whether from in-store training, off-site or online seminars, newly gained skills will simply fade away.

"Dealers and managers send their staff off to be trained, and then they come back to the store and absolutely nothing changes because the environment they come back to is not conducive to the training they had," notes service training consultant Ed Kovalchick of Net Profit, Inc., Alabaster, Alabama. "Plus," he notes, "the traditional service write-up environment is not conducive to the application of newly acquired training skills. This is directly related to controlling the arrival time of the customer. You can't have 10 people lined up in a service lane and expect any type of training to be used by the writer when the goal at that time is how fast customers can be processed."

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One way to avoid having this happen is to set appointments, and he recommends that the appointment setter schedule no more than one service an hour for which the customer will wait. Given the time schedules of consumers today, retirees, and those working night shifts for instance, scheduling customers' appointments throughout the day is practical and prudent.

Kovalchick stresses that customers must be trained on how to work with the service department and on how your appointment process work as well. "The most effective approach is a holistic one, which starts in the showroom with instructing the customer on how to buy service in the service department. We expect that they know this, but they don't&mdashespecially first-time buyers," he says.

He recommends that the service advisor attend at least one sales meeting a month. There, Kovalchick notes, the service advisor can discuss various vehicle systems "so salespeople understand what occurs back there," which will help salespeople familiarize the customer with the importance of service and how to make the most of the customer's service experience. As for service advisor training, he offers the following tips:

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Most importantly, analyze the problem. Do not take the customer's assessment or description of the problem at face value and then pass that along to the tech. Instead, be sure to ask customers:

&Oslash- When, and under what circumstances, did the problem occur?

&Oslash- What, when, and where on the vehicle (driver-side or passenger-side, never left or right), did the problem occur?

&Oslash- Who was driving the car when the problem occurred? Often, someone other than the vehicle's regular driver brings the vehicle in for service. Do not assume the individual bringing the vehicle in is the person who was driving the vehicle when the problem occurred.

&Oslash- How long has this problem been happening?

&Oslash- Has anyone worked on the problem before? If they have, is it possible to see the repair invoice? This will help you avoid doing work or replacing parts already done by an earlier provider.

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Check for other needs in front of the customer. Conduct the vehicle walk-around with the customer. Check the tire depth, wiper blades, and battery, then check for and document any existing damage on the repair order, being sure to have the customer initial that notation of damage.

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Temper what is checked on the vehicle according to the knowledge of the writer.

### Learning to improve

Few people would discount the value of training, but too often valuable lessons get lost when taken back to the dealership. The learning organization places a very high value on continuous learning and improvement of its staff throughout the organization, realizing that individuals who use "sharper saws" in their work produce better results.