



DEALERSHIP

WEEKLY INFORMATION NETWORK

www.DealershipWIN.com

May 28, 2020 Notes

Ed Roberts - Fixed Operations Director at Bozard Ford Lincoln

The Importance of Retention

- When the phone traffic dropped 50% and walk-in traffic dropped to almost nothing, we had a huge active data base with recommended not-dones, recalls and various different things. This allowed us to drive that traffic back up.
- I ran the numbers for January and February for Repair Orders that we wrote versus March and April. The first part of March was not affected.
 - o We wrote 12,269 RO's in January and February and 12,743 RO's in March and April.
 - o We closed the quick lane in March and reduced operating days.
 - o We went from an average of about 205 repair orders per day, 7 days a week, to about 218 repair orders per day working 6 days a week.
 - o We did that by working our data base, working recommended not-dones and having the retention that we could reach out and do something with.
- We are all creatures of habit. If you enjoyed my service in the past, chances are you will come back.
- If we would not have had that retention, we would not have had that RO growth during those two months.

"Aha" moments looking at scales of efficiency:

- Culture was a big part of it. Everybody bought into what we were doing.
- When we asked people to do something different, everyone stepped up. It gave us an opportunity to cross train people.
 - o We made the decision to keep everyone on payroll at least until the end of May.
- We took the opportunity to recondition the quick lane.
 - o We typically run about 140 cars through there per day so before there was never an opportunity to recondition it.

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- The surrounding environment for employees impacts the output to customers.

Mobile Service

- We amped up our mobile service. We started mobile service in the last year which really enhanced our fleets and we had instant success when we started it.
- Then in March, we shifted that from fleet to a very customer-oriented business and that has ultimately exploded.
- Once they get a taste for the convenience, it only increases the appetite for it. People have really appreciated it and we will certainly continue and expand this post-Covid.
- We plan a day out and we take everything we could possibly use or need to service a customer's vehicle (air filter, pollen filter, brakes, floor mats, etc.)
- There have been days that we take the mobile truck out with zero appointments and end up having to bring a second mobile truck in.
 - o It also creates loyalty on the sales side as they need to replace some of those vehicles. We'll service non-Ford cars as well. That gives me an opportunity to introduce non-Ford customers to our brand.
- If you do what everybody else does, you'll get the same results that everybody else does.

Questions for Ed:

- What marketing efforts did you use to reach out to past customers?
 - o We had a three-tiered approach. Shoot them a text or email – then if they didn't respond within 24 hours, we called them the next day.
- What was the biggest surprise so far with respect to the mobile service?
 - o How well it was received, not only from customers but from the fleet base as well. We're not told "no" when we go to a fleet customer.
- How long did it take you to get your first truck profitable? And what is the average ROI per truck now?
 - o I broke it down from a labor standpoint. I need to generate 4.7 hours a day in labor to pay my technician's salary, to pay the van and my expenses to operate – so that's my break even. I bonus the technicians to turn me 6 hours a day. And if they turn me 6, they get \$100 every two weeks. If they get to 7.5, they get \$300.
 - o These things were averaging about 6.5 hours in a day, but I believe we can get that to 7.5. That's 6.5 hours per technician that I have on there, not per van but I only need 4.7 to break even on one of them.
- Do you charge right now for your mobile service?
 - o Through Covid, we have waived all convenience charges. We're still contemplating how we want to charge post-Covid.
- 27% of all of your oil changes and quick service is non-Ford, how did you get that?
 - o What we try to do is, I don't want to just service your F150, I want to service everything in your garage. So, we have that conversation when they had the keys over and they have a Toyota key, we say "We can service that for you too." It's a

proactive approach that builds over time. It's all about respecting the customer's time. That's why we are married to a two-man team in the quick lane.

Eric Ruby – General Manager and Vice President of Lexus at Bridgewater

Most Successful Things to Drive Business Right Now

- The biggest factor for us is that the sales calls are going directly to my sales team's cell phones. We downloaded a new phone system. It rings for everybody to answer and it's never turned off. It's all hours of the day and night. The accessibility is tremendous. The lead goes directly to the salesperson.
- We also redid our website. Everything is at the click of a button. Sales guys will text at 1 a.m. saying they just sold a car through chat. The customers are speaking directly to salespeople instead of a bot.

Changes because of COVID-19

- It's been eye-opening to see – this is a 24-hour world now. The cycles are so different because a lot of people are still working from home or not going in at all. The website has been great. We've eliminated the nonsense as much as we can.
- Our gross is now as good or better than they were pre-Covid. The used car business has been tremendous.
- We're trying to drive as many people as possible into the showroom for the delivery process. That needs to stay in place because of the back-end profit.
- The value of the time element cannot be measured. People are no longer coming into the showroom and spending 4 or 5 hours a day to drive home a car. The value is put on ease of doing business and the transparency which allows for less negotiating.
- We don't have to be in the showroom to sell cars anymore. People are being trained to want to buy at all times of day. It's now turned into servicing the client and not chasing the client. Take the focus off of payment or price, put it on safety, efficiency, ease – everything changes.
- We spent so much money on show rooms in the past. I think you need a decent clean respectable showroom, but the focus needs to be on the website. The website is the new show room. Eliminate the steps.
- People are also really liking the test drives without the salespeople in the car. I'm going to continue that. It's better for salespeople and customers.
- Necessity is the mother of innovation. I'm so proud of where we're going as an industry in total. Covid forced us to get here but now that we're here, nobody's going to do it better than us.

Changes for Salespeople Moving Forward

- As far as hiring now, I'm really looking for more of a mobile situation. Someone who is more internet savvy. We need guys that are not afraid to get on the phones. I got guys

- that are doing videos and putting it on social media or sending customers a video introduction.
- The traditional show room salesperson is not going to be what makes it through this transition because this is not going to go away. I don't see us going back to customers walking in on a Saturday and spending 4-5 hours in the showroom. We've proven now that does not need to be the case.
 - o The salespeople like it too. It's a better respect for their time. They have appointments set up that they can structure their day around.
 - Compensation is going to take on a whole different look moving forward - A strong unit bonus and a high flat. You don't have the customer in the show room going back and forth for an hour. New cars almost have to become like used cars where you're making a gross profit number that's reasonable. I don't think customers are going to shop you for every last dollar.
 - With my 7 salespeople, they'll make a lot more this April than they did last April and it's looking the same for May. They're all averaging well over 15 cars per person.
 - The motivation is healthy and strong with 7 salespeople instead of 15. There is also more autonomy and no need to micromanage every move they make.
 - You eliminate the high turnover with the newer rookie or less seasoned salespeople. I think now this affords us more time to train them effectively as we bring more people on.
 - You have to have the digital savvy approach to how you do business because the business is moving at warp speed right now.
 - I also think that you have to have flexibility with the hours and I've noticed that a little flexibility with the dress code is kind of nice too.

Questions

- What are these changes going to do to the broker business in your opinion?
 - o It's still going to be there unfortunately. There's a lot of different reasons why the brokers sell a lot of cars. It's the language barrier and also, they kind of steer the business. It's almost like a one stop shop and unless we start to get smart as dealers and manufacturers, I don't think the brokers are ever going to go away organically.
- What things do you see today from an innovation perspective that will help us move forward?
 - o Nothing, I think we have everything we need right now. The thing is – wake up and use it. Salespeople can go online with a customer and work a deal the same way they could in person. It's so easy and simple, it's almost mistake free. We have to embrace. We have to become amazon.com. We have to be all things to all people, people that want to come in and people that don't. Embrace the software. The innovation is there. Ultimately there is still going to be a relationship element. We just need to make it easier and more transparent using the tools we already have.