THE EDGE

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E-Commerce and the Dealership

by Tony Dupaquier

An electronic menu provides numerous advantages that go beyond disclosure and 100% PPT (100% of the products offered to 100% of the people 100% of the time). The basic capabilities of electronic menus are all similar, but there are some additional features and benefits that make some menus stand out from the rest.

Design: Make sure the designers are familiar with the retail automotive industry, as these menus tend to be more user-friendly.

Web-based: Web-based menus are easy to use and allow the opportunity to go back and change information instantaneously.

Bi-directional Integration: A good menu should work seamlessly with the dealership's Dealer Management System (DMS) and allow users to push and pull information to and from the DMS. Menus without integration force users to enter the same information multiple times.

Full VIN Explosion: Quite often, chargebacks stem from a business manager who improperly rates a product. Electronic menus that have full VIN explosions eliminate this from happening.

Drop Down Pricing Menus: Drop Down Menus eliminate the need for users to keep referring to the paper rate guides. Having product information pre-loaded along with the appropriate retail price ensures legal compliance and eliminates the chance of customer discrimination in the business office.

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Also In This Issue:

AMERICAN FINANCIAL goesgreen

American Financial is going green and needs your help! In order to reduce the amount of paper products that are sent from American Financial, we are enhancing our e-marketing initiatives. Please visit www.AFASinc.com and click on the *American Financial Goes Green* logo and fill out the short form. Please provide us with your preferred e-mail address and preferences on what material you would like to receive via e-mail. If you have any questions about American Financial's e-marketing, please contact us at Marketing@AFASinc.com.

LoJack Joins American Financial's Portfolio

American Financial & Automotive Services, Inc. is pleased to add LoJack to its extensive portfolio of revenue-generating products. Through the partnership with LoJack, American Financial will be able to offer dealer partners the #1 nationally-recognized stolen vehicle and motorcycle recovery system. The LoJack System includes a small wireless transceiver that is randomly hidden in a vehicle and/or motorcycle. When activated, the LoJack System emits a silent, uniquely coded radio signal over the LoJack network that allows law enforcement to track and recover the stolen vehicle. For more information on the LoJack Recovery System, please contact your Dealership Development Manager.

Earn Trip Contest Bonus Points

New to the 2010 MasterTech VSC trip contest is the F&I Training Completion Bonus points. From March 1, 2009 to August 31, 2010, any enrolled trip participant who attends F&I University's *Principles of the Business Office* course at the Automotive Training Academy in The Woodlands, Texas will receive 10 bonus points toward the 2010 MasterTech VSC Trip Contest. Also, those with MasterTech penetration levels over 40% will earn additional bonus points!

Business managers have from March 1, 2010 to August 31, 2010 to exceed their contest objectives and qualify for an amazing trip for two to the Fiesta Americana Grand Los Cabos Golf & Spa Resort.

To view objectives and production, visit the trip contest website by clicking on the Los Cabos link located on American Financial's homepage at www.AFASinc.com. To register for the *Principles of the Business Office* course, contact your Dealership Development Manager or register online by visiting www.AutomotiveTrainingAcademy.com and clicking the Registration tab.

Your Escape is Waiting!

LOS CABOS
MEXICO
JANUARY 9-13, 2011

Maximize Profits with F&I University

Recently, American Financial & Automotive Services, Inc. launched the new, innovative F&I University development program. F&I University's career-building techniques, combined with its industry-leading F&I curriculum and online continuing education, provide dealerships with increased opportunities and revenue.

F&I University maximizes dealership profit and penetrations through:

- Intensive, professional training
- Online continuing education
- Live monthly webcasts
- Customized in-dealership development and follow-up
- Monthly accountability through performance tracking

AMERICAN FINANCIAL F&I UNIVERSITY

Principles of the Business Office
The Woodlands Texas
August 9-13, 2010
September 13-17, 2010

Secure your spot today!
www.AutomotiveTrainingAcademy.com | 800.967.3633

1st Quarter Service Report

The American Financial companies are committed to providing their partners with exceptional customer service. American Financial Warranty Company (AFWC) uses a variety of administrative resources to provide the industry's best response times. The Status of Operations that follows demonstrates AFWC's level of service for the 1st Quarter of 2010.

- Averaged over 11,400 calls per month.
- Maintained a 99% service level.
- The average answer time for the year was 13 seconds!
- The average call length was slightly over 4 minutes.
- The claim payment turnaround averaged 5 days for checks and less than 2 hours on VISA.

The hours of operation for the Claims and Customer Service departments are 7:00 AM to 6:00 PM CST, Monday thru Friday. The Business Processing and Cancellations departments are open 8:00 AM to 5:00 PM CST, Monday thru Friday.

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Five Ways to Survive a Downturn Market

Bob Hamilton
Dealership Development Manager

During difficult financial times, there is a tendency to focus on things we do not have any control over. This is easy to do, especially when it is all you read and hear about. Remember, your dealership is still open and a valuable part of your local community. People will always need vehicles. Often times, solutions to your problems are right down the hall and the cost to implement them is little to nothing. Five sure-fire ways to increase floor traffic, improve employee productivity, and generate much needed profit are:

1. Say hello to the best customer.
Look at every newspaper in the country, and the number one advertiser is usually a dealership—expensive full page advertisements reaching out to prospective buyers to come snap up that once in a lifetime deal. These advertisements look good, but are they really cost effective? Instead, get dealership employees reacquainted with customers—the ones you worked so hard to close the first time. These are the forgotten customers. These are the customers that you do not see unless they have an issue or you happen to run into them when you go to the service department. Starting today, instruct sales managers or office staff to pull a list of all previous customers who purchased a vehicle, had work performed in the dealership, or purchased parts. If you have a body shop, the list grows. Next, call a meeting with the sales managers and explain that every day, each salesperson needs to call five of these customers and write five more customers a personal letter thanking them for their purchase. In the letter, offer them one of the special deals going on in the dealership. If there is no interest, ask the customer if they have a family member or a friend who is in need of a new vehicle. Make sure the customer knows about your referral program that will pay cash if his/her lead turns into a purchase. Look at the math: if there are 10 salespeople making 10 sales contacts daily and working 6 days a week, that is 600 sales contacts a week. Do not contact customers on Sundays if the dealership is open. Make sure the sales manager tracks the leads. Also, think about increasing the salesperson's commission five percent on the customers he/she delivers. This will generate more excitement, and five percent is much cheaper than a full page advertisement.

2. The service department does more than fix cars.
Before looking at deals from the previous night, reading e-mails, or reading the daily newspaper, regularly visit the service lane early in the morning. This is when customers are available to talk to a salesperson about their vehicle buying and service experiences. Spending a little time early in the morning will provide a wealth of information about the customer's needs and how they are processed and up-sold in the service lane. All customers know that vehicles need to be serviced and that they break down from time to time. If the customer is facing a large repair, this is a great time to try to trade him/her out of the vehicle. Many of these customers would be interested in a new vehicle but have no idea that, with today's low interest rates, large rebates, and attractive lease programs, the deal offered to them could be too good to pass up. Make the sales managers carve out some time each day to visit with these customers. Also, one or two salespeople should frequent the service lane in the morning, at lunch, and an hour before the shop closes. Sometimes the customer is in a hurry to go to work or get home. Get the information needed to put together a proposal and set an appointment at a later time to review the customer's options.

3. Training: A process, not an event
In today's market, it is more important than ever to have the right employees, the right compensation plans, and the right training in place to achieve the results you want. Long-term loyalty is sometimes confused with production. Do not be held hostage to unproductive employees with bad habits. It is important to have an employee manual that spells out what is expected of all employees. Dedicate one section in the manual to establish production guidelines for the various managers and the salespeople. Employees are long-term assets to a dealership and need to be set up to succeed.

Many dealerships hire managers and salespeople with some experience and assume they do not need to be trained. What type of training have they received? Does it fit into the way customers should be helped in the showroom? Some dealerships think that training consists of the new employee sitting in the conference room looking at a series of sales tapes. Others couple up the new hire with a long-term employee and have him/her shadow that person, watching how he/she has done it for years. Often times, this is the long-term salesperson with the worst habits doing the training. This type of training goes on for a set number of days and then is over. Also, morning role call meetings that take place 15 minutes before everyone starts their day do not qualify as real training. Invest in long-term employees and have them professionally trained on a consistent basis. Most good development companies not only offer A+ superior products, but they employ seasoned automotive professionals that have worked in all areas of the dealership. These Dealership Development Managers will build a training program that works for your dealership, and will be there on a consistent basis for follow-up.

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Many dealerships seek out professional trainers who have done a tremendous job marketing their skills on a series of DVDs and/or companion manuals. This type of training can be effective for the day or week. The value in any training program is in the quality of the material and how pertinent it is to your dealership's needs. Remember, a good development company will provide customers with superior products and provide dealership employees training that is a defined, long-term process, rather than an event. In addition, most good development companies offer schools for your employees that focus on current material that relates to today's situations, not some tired, repackaged material that was great 20 years ago and has not been updated to deal with the current market conditions.

4. The business office: Put me in coach

Stop looking at the business office as an entity separate from the dealership. Remember, not too long ago, this was the profit center in your dealership that you could count on to generate a profit. Stop getting caught up in the negative press articles that reinforce what we already know, "Sales volume has decreased." What are we going to do about it?

A great place to get started is in your dealership, more specifically in the business office. Sure, we still need to sell a vehicle before anything gets started, but do not assume because the volume has slipped that the business office should not be running on all cylinders. This is not the first time we have experienced a downturn in the market. Many still remember when interest rates hovered around 18%. Not too long ago, we could not keep enough trucks and SUVs on the lot until gas prices crept over $4.00 a gallon. During these times, the business office remained profitable. Many dealership's "best closer in the store" is sitting on the bench, waiting to get into the game. Who better in the dealership to be involved in putting together a tough deal than the person who understands deal structure, lenders' hot buttons, customer's objections, and payment options? A good business manager is trained to perform well under pressure. He/she does not have the luxury of spending a lot of time with the customer. He/She has to quickly build rapport, review all of the customer's options and print what seems like a hundred forms, and then raise the customer's sights in order to sell product. The market place is changing and the customers are not the same as in the past. They are more knowledgeable about the vehicles and the business office. Today's customers like to be in control of the process. They want to do business with someone who listens, someone who understands their needs and has solutions to satisfy them. The days are over for the business manager who sits in his/her office and cares more about just selling products than helping the customer.

5. Menu—Try it. The customer is going to like it.

If the dealership is not using a menu or the business manager dabbles with a paper menu that he created on his PC, then it is time to demand that one is used 100% of the time on 100% of the customers. Since 1996, most dealerships have been exposed to some form of a menu. Unfortunately, about half of the dealerships do a haphazard menu presentation or none at all. Furthermore, many dealers have no idea if all the products are being offered to all their customers or just how they are being sold. The use of a complete menu will not only ensure that every customer is offered every product, but it will also give customers a legally compliant presentation that will keep the dealership out of any unnecessary legal battles. If the menu is used correctly, it will provide a printed record of what products the customer agrees to buy and what products he/she passed on. The menu will also reduce the number of business office chargebacks and improve customer CSI. The customer is happiest when he/she is offered options and feels in control. By effectively using a menu, all customers will be exposed to the entire product line which will generate a tremendous increase in business office income. Every type of customer—retail, cash, credit union, and lease can be offered a presentation designed specifically for his/her needs. One thing is for sure, if a customer is never exposed to a product, he/she certainly will not see the benefit of purchasing it.

In light of the changing market conditions, all businesses will be forced to make adjustments. Expenditures and processes will be examined more closely. During your examination, you may not have to look far. The increase in traffic and production might be right outside of the business office and, the best part is, it will cost you little or nothing to get started.

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E-mail Capabilities: Many electronic menus allow the printing of a menu in the business office. However, very few offer the ability to create a menu that can be sent directly to the customer via e-mail. In today's e-commerce world of selling vehicles through the Internet, this is an important feature to have.

Waiver: The best menu system has the ability to produce and print a waiver that is compliant in all 50 states, gives full disclosure of what benefits customers purchase, and, most importantly, lists the benefits customers decline detailing their monthly cost.

For more information on American Financial's Tech Solutions, please contact your Dealership Development Manager.