

GROWING YOUR VEHICLE SALES

There are various methods available to increase your dealership's vehicle sales. Your dealer friends, 20 groups and the many different vendors that contact you all have ideas. Realize that there is no right or wrong solution for everyone. They have all worked for someone at one time or another. Trying to find the right one for your dealership may be like fishing. Sometimes you go home empty handed, and sometimes when you do make a catch, it may be bigger or smaller than you expected. The trick is to keep fishing until you find the right catch for your dealership.

Any fisherman knows that half the secret to a successful day of fishing is knowing what you want to catch and where to fish. If you don't know the type of fish you want to catch and where to find them; you

won't catch what you want. In your dealership that body of water for fishing is found by identifying the market you are trying to reach. You have to do this! You can't be everything to everyone. Decide what you want to sell and whom you want to sell to. What is their average age? Are they married? How many children do they need to transport? What is the farthest distance your potential customers drive? Once you know which fish you wish to catch and where to find them you can focus on the hook and lure.

It is nearly impossible for an inexperienced fisherman to catch fish without a hook. Your hook is your current inventory. You can have hundreds of vehicles in inventory, but if it doesn't match your market it won't increase your

sales. It's like sticking a hook in a barren pond, no matter how long it stays there it won't catch anything. Is your inventory in the correct price range? Is it too aged? If your inventory is not fresh and market priced, you aren't likely to increase sales. If you do manage to sell an aged unit your grosses are likely to reflect it. Do you have an adequate supply of inventory? If not, have you arranged for a line of credit or other financing to supplement your capital so that you can purchase the necessary inventory? With the withdrawal of many finance companies from floor plan financing, dealers must plan their capital carefully to insure that they can afford the necessary inventory.

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THE RACE TO BECOME A GOOD DEALERSHIP

The difference between dealerships that have their "act together" and those who do not is apparent to all who experience it. Your customers can tell it when they walk into the dealership, meet the personnel and conduct business with you.

Policies. A well-run dealership must have good, consistent and fair policies for all who are employed, whether it is the dealer or the lot person. The policies will normally have to be updated from time-to-time, due to legislative and employment issues and good business common sense. Take the time and put these policies in writing. An example would be

establishing an employee manual, describing what behaviors are expected from everyone, what the store's hours are, vacation and drug policies, workman's compensation and overtime issues, etc.

Procedures. You and your personnel need to know what to do when various events occur. For example, what is the process of a car deal from the beginning to the end? Do you have a car deal checklist that lists all possible documents the car deal jacket should include? The only way the accounting department normally knows a vehicle has been sold is the receipt of the car deal jacket or a deposit from a customer.

Trying to record one without the other can lead to posting errors and a delay in receiving the contract proceeds or recording the car deal in the correct monthly period.

Internal Controls. Their main purpose of internal controls is insuring all transactions are generated correctly, recorded timely and accurately by authorized individuals in the most efficient manner possible.

Without the proper controls in place, your accounting records would be a disaster. Cash needs to be locked up at all times. The owner/dealer needs to receive the bank statement at

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It's great to have a hook but every fisherman has a favorite lure. It's their favorite because it catches exactly what they want and they know this because they have tested it time and time again. Can you say the same about your advertising? Advertising is the lure that every dealership uses to drive customers to the door. Are you using the right one? If you are tracking your advertising you know exactly what lure will work. If you haven't deemed it important enough to track your ups you should! Tracking units sold is not enough. You must track all traffic. You must know your closing ratio of ups to sold vehicles. It must be company policy to track all customers sold and unsold. Remember, each up you don't track increases your cost of advertising every month thereafter.

You must test new lures. Just as any good fisherman knows, the best lure might be the next one you try. It's always good to add another lure to your tackle box. Test alternative methods of advertising while monitoring the effectiveness of it. If you have never utilized direct mail try a campaign. If you have never used on-line classifieds try it. The most important issue is to monitor it. If it works great, add it to your marketing mix and/or remove something that doesn't.

Hooks and lures are attached to the all important rod and reel, which is the important part for reeling in the fish, or in your case the customer. These would be your auto finance companies, those that can supply the financing for your market of customers. If you can't get your customer's deals bought it might be that you have the wrong finance companies in place. Remember, lenders parameters change frequently so you may need to replace or add to your available finance companies regularly.

Last, but certainly not least, is the net required to hold your fish. You won't keep many fish with a torn or holey net. The same applies to your staff; if they are not properly trained, you won't keep your customers. Do your sales people know how to sell to your market? Have they been trained to identify the different needs that your customers have? Do you have the right mix of sales people and enough to accommodate the number of customers you hope to attract to your dealership? Spend the time and money to properly train your staff so you can keep your daily limit of customers. You won't be disappointed in the additional sales.

Good luck on your next fishing trip!

For further information on fishing techniques, please contact your local Auto Team America Member today!!

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home to insure they are the first ones to open it. Cancelled checks should be reviewed to make sure the endorser is the same as whom the check was written to. You should review the signatures to make sure you or an authorized person signed the checks, for the correct amount and made out to the correct entity or person. Petty cash vouchers should be reviewed

for authorized purchases or uses. You should review all EFT/ACH transfers, to and from the dealership, to insure the routing numbers are from authorized sources and disbursements are for the correct amount and to authorized vendors.

Personnel. Your personnel are your most important resource and asset that you have. Training should be ongoing and frequent, whether it is daily or weekly sales meetings to scheduled sessions on various topics. Well-trained personnel don't need to ask as many questions, as they have been trained how to react to various situations. The hiring process is very important. You must hunt for and hire people who will adhere to the policies and procedures of the dealership, be trainable, ambitious and have the correct attitude.

Capitalization. The infrastructure of your store is not complete without the owner/dealer investing the proper amount of capital in the business when it is started and on an ongoing basis as the business grows. Therein lies the biggest problem. Most businesses are started with

T A X T I P IRS ISSUES - ALTERNATIVE LIFO POOLING METHOD

On March 7, 2008, the IRS issued Revenue Procedure 2008-23 for taxpayers who use the Last-In, First-Out (LIFO) accounting method. Taxpayers will be permitted to place new cars and light-duty trucks in a single LIFO pool. Furthermore, taxpayers utilizing used vehicle LIFO will be permitted to place used cars and light-duty trucks in a single LIFO pool. Currently, cars and light-duty trucks are placed in separate pools for LIFO purposes. While each set of circumstances may be different, combining the two could allow beneficial results as inventories may shift between cars and trucks.

The revenue procedure defines a "light-duty truck" as any truck with a gross vehicle weight rating (GVWR) of 14,000 lbs. or less. Revenue Procedure 2008-23 generally is effective for tax years ending on or after Dec. 31, 2007 and contains procedures for obtaining automatic consent for a change to this new method.

Also, this new, alternative accounting method, known as the Vehicle-Pool Method, eliminates the administrative inconvenience, costs, and audit exposure that result from having to determine on a yearly basis whether crossover vehicles need to be placed in the LIFO pool for cars or the LIFO pool for light-duty trucks.

Taxpayers on the alternative LIFO method for new and used vehicles who choose not to change to the new Vehicle-Pool Method must ensure that their assignment of crossover vehicles to a new car pool or a new truck pool is reasonable under the facts and circumstances.

inadequate capital investments. Proper cash flow models and projections need to be prepared, along with budgets that need to be evaluated on a regular basis. Know what amount of capital is needed now and in the future. Do you have enough yourself? Do you need to attract investors to supplement your investment?

Financing. If you don't have enough capital yourself to grow your business, you will have to pursue outside sources. That could be outside investors, such as family members and or friends, or a financial institution. The key to getting financing is to have your accounting records and financial statements that will make sense to a loan committee. Oh, also it helps if you are making money, have invested adequate capital yourself that is at risk in the business, and know what you are going to do with the financing. A well-defined

business plan can only help you be well received at your local bank.

Well, are you at the finish line? If not, start now to install the policies and procedures, internal controls and trained personnel. Poor infrastructure will waste the best capital invested and financing obtained. Your dealership will not grow at the right speed and you will "crash". Or, you will grow yourself out of business because you outgrew your infrastructure. More cash flow emergencies will occur at the most inopportune time.

Put your infrastructure in place before racing down the highway of business.

For further information, please contact your local Auto Team America Member today!!



QUICK CHECK

Have a problem keeping insurance cards with drivers during dealer trades, demos, loaners and company vehicles?

Laminate a copy of your dealership's insurance card to the back of the dealer or registered license plate to make sure there is always one with the vehicle. This provides an easy solution to locating insurance information if the dealership vehicle is involved in an accident.