

Training? Why Now?

A Commentary on the Automobile Business
By Jim Fisher, Former Dealer and Consultant

If sales and gross profits are down, you can only cut expenses and personnel only so far. If you do not change the sales process, the only way to increase business is to increase advertising. This will offset any savings in reduced expenses and personnel. Remember that “Insanity” is doing the same thing and expecting different results.

You can have a meeting with your Managers and salespeople and tell them they need to get more motivated, but motivation comes from success, not failure. If traffic is down and they are grabbing for deals, their income is suffering. The real problem is that they think they are working every deal as hard as they can. They are right. They are working every deal hard, but it is based on the same skill level they had when times were good.

The need for training has never been needed more than now. However, with profits down and Managers doing more for less money, there is no money or time to increase training. Plus what training are they going to implement? Is the problem lack of ups? Poor demo percentage? Low ratio of customers getting prices? Small percentage of offers generated? Low closing ratio? Lack of be-backs? Who knows if you are not keeping records and analyzing them at least weekly. Why have training on negotiations when the problem is getting the customer on paper and selection.

In 1956, Ford Motor Company developed the “Road to the Sale”, which was a 10 step selling process that included all of the necessary steps to complete a sale. At that time, when sales were slowing after the boom times after the war, Ford felt that change was needed to compete in the new economy. The “Road to the Sale” back then and the “Road to the Sale”, now are the same basic steps. Meeting, Greeting, Qualifying, Product Presentation, Demo, Selection, Service Tour and Closing Room.

Majority of the salespeople know the steps and have done most of them at some time, but they have not really embraced the steps and worked on making themselves better in every area. The main thing is that their goal is to get a commission when their goal should be to complete the “Road to the Sale” on every customer which will actually increase their closing ratios 10 - 15% and increase their gross profit per deal at least \$100 - \$200.

If doing the steps on every customer would increase their sales and income, why don't they do them? Because they are not in the habit of doing them and the Managers only care about the deal, not how they got there. Whatever your Manager's thinks is important, your salespeople will think is important. They want offers and that is what the salespeople give them. How they got to that moment doesn't matter.

The answer is simple! Cut your advertising budget in half. Put 25% of the savings into training and setting up a management control system and take the other 25% and put it in bonuses for your Managers and Salespeople. Take the other 50% and put it away for a rainy day.

When times are good, changes are not accepted and trying to change things for the better is met with resistance. When times are slow, your people will embrace changes and new ideas, since they are now financially involved.

Cutting expenses will only reduce losses. Increasing sales and gross is the only way to make profits. You just can't tell your Managers and Salespeople to increase sales and gross, you have to give them the tools and support to accomplish that. Once you give them the tools and the results don't come, then replacement of the Managers or Manger is necessary.

In order to have a management control system in place, you will probably have to replace at least 50% of your sales force. You need a training and support system in order to do that. Hiring should never be done on a panic basis and should be on a consistent basis. Even if you have the best pay plan, salespeople are going to come and go and you need to be ready to replace them immediately.

If your sale force needs to be at 10 salespeople to accomplish your goals, you must be at that level or higher at all times. When your sales force gets under 10, your managers are no longer in control and can only regain control when the sales force gets back up to 10 or more.

I have spent the majority of my automobile career doing everything I have talked about above. Actually, my problems are when business is good, nobody wants to listen and it is very hard to find good people since the job pool is small.

I can institute a management control system that your Managers will embrace, because it will be theirs. I can provide a service to replace or replenish your sales force. The opportunity to make profit in a down economy is excellent, since your competition is having the same problems you are. All you have to do is change and take advantage of you competitors weakness. I never worried about my competition, because I was the Competition and made sure that everything we did was to enhance the reasons to do business with us instead of the other guys.

Review my credentials at www.jfanow.com and contact me at 630-542-9444 if you have any questions.