

Under New Management

**Sharpening Your
Skills as a Used Vehicle
Sales Manager**



Salesperson, Inc.



Under New Management

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Manufactured in the United States of America

Disclaimer

This book is written in the masculine gender for ease of writing. Salesperson, Inc. or the author have absolutely no bias to age or sex, and believes that any person who applies himself to the study and practice of sales management can and should be successful.



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Introduction

“The quality of leadership, more than any other single factor, determines the success or failure of an organization.”

— **Fred Fiedler**

“Excellence is not an accomplishment. It is a spirit, a never-ending process.”

— **Lawrence Miller**

BEING A SALES MANAGER IS A GIFT!

If you're like most Sales Managers, you came to this position because you had great success as a salesperson. But managing your own sales is not the same as managing your team. As a salesperson, you could easily measure your success through numbers of appointments made and vehicles sold. As a Sales Manager, your success is measured by the success of others. That's not always an easy transition to make. However, it is ultimately a rewarding one. Being a Sales Manager provides you with the opportunity to share your knowledge and expertise, and to help others grow professionally and personally. As the saying goes, when you elevate the success of others, you elevate your own as well.

Today, salespeople respect those Managers who are tuned into their needs, and who are willing to come out of their offices and give them the attention and training they want. The best Sales Managers are available whenever needed, but know when to let go and let a salesperson experience success (and perhaps failure) on his/her own.

Keep in mind that just because you were a great salesperson doesn't mean you'll make a great Sales

Manager. The best take the skills they've learned on the showroom floor, and add the traits of effective leadership. Your role as a leader will then be to encourage your people to succeed. There may be substantial monetary rewards in being a great sales leader, but the greatest reward is having helped others reach their goals. Your material possessions won't really matter once you're gone. Your greatest legacy is the people you've helped build, who are left to build others in the same way.

If you can look down the road and realize that you're changing the lives of the people on your team, that should be the major reason why you became a Sales Manager. The thrill is no longer in the individual sale; it's in your team's success. The times when you have to sit back and watch your salespeople fail are frustrating. But it's part of the job — to let go of the leadership position, where you show them how to do it — to letting them show you how they do it.

My suggestion to you is be passionate about your work, and remember that enthusiasm is catching. Be proud of what you do, and be proud of what you have to share with your salespeople. Let your effort and activity levels be a model for your salespeople to follow, and you'll find that your legacy will be intact.

Continued success,
Mike Whitty
Irene M. McDonald, Ph.D.

ps: You should know that I became interested in Management when I first became a salesperson. We had several Sales Managers in my dealership. One of them was a task-oriented New Vehicle Sales Manager who concentrated on his own agenda and pretty much stayed to himself, and one Used Vehicle Sales Manager, Roger Board, who was people-oriented and cared about his staffs success.

Roger was the type of Manager that didn't have to tell his salespeople what to do. If the lot needed to be changed, he went out to begin the process and his salespeople followed. If we had a contest, he made it fun to participate. If he came in to help close a deal, he would develop a plan of attack with you before he went in. If we were in a slump, he wanted to know why so he could help us get out of it. If we were down, he was motivating. When we came to work in the morning, we were happy he was there. He wanted us to work with him to increase sales for ourselves and the dealership, not work for him.

I'm telling you this story because I learned from the very best Sales Manager there ever was. I truly feel my success as a Sales Manager, and eventually a business owner and trainer was directly related to having known Roger. I am his legacy.

Chapter 1

Accepting Your Role as a Sales Manager?

“The conventional definition of management is getting work done through people, but real management is developing people through work.”

— **Agha Hasan Abedi**

“If you pick the right people and give them the opportunity to spread their wings — and put compensation as a carrier behind it — you almost don’t have to manage them.”

— **Jack Welch**

Accepting the role of Sales Manager is by far one of the most challenging positions within a dealership, and one where an individual has to stretch beyond the normal duties of day-to-day business. Being able to achieve goals and objectives through others will be determined by how aggressive you are in pursuing this new challenge and by how responsive you are to your salespeople. Some of the hats you’ll be required to wear are those of leader, supervisor, teacher, communicator, guidance counselor, motivator, problem solver and technical expert. As you can see, the responsibility is enormous and should never be underestimated.

Once you accept a management position, the progress of the department and the success of everyone within the department lies mainly with you. When the department succeeds, the Sales Manager succeeds. And when a Sales Manager becomes successful, the success is due to the efforts of all the salespeople who helped make it happen. So, I think you can see that the role of a Sales Manager really is a two-way street. If the Sales Manager takes care of the salespeople, the salespeople will ultimately take care of the Sales Manager.

But we know that life and working conditions aren’t

always this perfect. Sales Managers are human and different people exhibit different personalities, behaviors and styles for managing that may conflict with idyllic situations. Those Sales Managers who make the working atmosphere very unpleasant fail to realize that unhappy and stressed out salespeople are less productive and less likely to stay at the dealership very long. Since we all spend a large portion of our time at the dealership, it makes good sense to spend it in an environment which is pleasant, stimulating and professionally rewarding.

Because salespeople will accept this position for different reasons, with the primary reason being the need to earn money, don't expect everyone to be as committed to the job as you are. Some are there to simply put in their time in order to collect a paycheck, while others are there because it is a stepping stone to something higher.

Since managing involves getting work accomplished through other people, a major objective for every Sales Manager should be to take average people and motivate and guide them to become outstanding employees. Regardless of the reason for someone taking a sales position, initially, the quality of every person's work will be directly related to the quality of management. When you can get your salespeople to accomplish their tasks in a willing and eager way, the quality of the work will undoubtedly be high.

Following are some challenges that you will face in your new role of Sales Manager:

- **TO RUN THE SALES DEPARTMENT SMOOTHLY**

As you ease into your new position, especially if you are stepping into someone else's shoes, remain sensitive and attentive to your salespeople. Now is the time to polish your communication skills. Get to know your salespeople as individuals and learn about their ambitions, what they expect from you and the dealership, and what motivates them. Don't make drastic policy and procedure changes immediately. Remember that salespeople resist too much change all at once. A new face along with a new style of managing and added responsibilities can be very traumatic at first. Make sure that everyone understands the importance of his/her job, and how to perform their tasks. Provide assistance and training to those who need to improve their skills. Discuss your goals and deadlines and explain which areas should take priority. However, don't get carried away and demand the impossible. Be realistic in what you expect them to accomplish. Encourage them to communicate with you and with each other, and to pitch in when someone needs help. Solving small problems along the way will prevent major problems from occurring later on and will result in a more efficient operation.

- **TO CREATE A POSITIVE WORK ENVIRONMENT**

It's a known fact that when salespeople feel good about coming to work they tend to be more productive. So creating a friendly atmosphere where conflict is minimal, where everyone is treated with respect is very important. However, this isn't always enough. There are other conditions within the sales department that can positively or negatively affect salesperson performance. For instance, employee morale and productivity may suffer if the sales department's room temperature is too hot or too cold, if office areas are cramped and inadequate, or if noise levels are too high and distracting. Some of these problems may often be out of your control, so you and your salespeople will have to cope. But there are others that you will be able to correct easily and inexpensively. The more obstacles you can remove, the more pleasant your work environment will become. After all, a workplace conducive to work is a necessity, not a luxury.

- **TO PROMOTE BUSINESS AND PERSONAL GROWTH**

Contributing to the growth and development of your salespeople can be a very rewarding part of your job. The more they're able to grow as individuals, the better they'll be as salespeople. By giving them more authority, more responsibility and the freedom to creatively express themselves, you'll help increase their confidence and self-esteem. You might also unlock hidden talents that could otherwise remain undiscovered. Whenever possible, involve them in planning and decision making processes for the sales department. Help them to increase their knowledge and improve their skills through continuous training. As they become more proficient in sales, give them more challenging assignments and inspire them to try new methods. Be supportive to those who wish to pursue their educational goals. Some dealerships even offer tuition reimbursement as an incentive. Recognize initiative, contributions and outstanding performance and reward accordingly. And remember, as you develop your salespeople you also create your own opportunities for advancement. After all, if you decide to accept a promotion to General Sales Manager or General Manager, you'll want someone ready to step into your shoes.

- **TO CREATE STABILITY FOR LONG-TERM SUCCESS**

Salesperson turnover is a major concern for dealerships because it is costly, disruptive and counter-productive. Just think of all the time and money that are wasted every time you have to recruit and train new salespeople to fill the same vacancies over and over. The dealerships that are successful in reducing turnover are the ones that give their salespeople all the essentials to help them succeed. Everything that we've

mentioned in this chapter is an essential when thinking about your employees' stability, loyalty, commitment, productivity, performance, security and success. When salespeople leave jobs, it's usually for reasons other than insufficient pay. They leave because they have been treated poorly by management. Treat your salespeople well and they will show their loyalty for a long time.

- **TO MAKE THE DEPARTMENT PROFITABLE**

Since you're managing a department that is profit-generating, then you must make a profit if you expect to survive. But profit doesn't just come from selling vehicles and services. It comes from creating good customer/dealership relations that will generate respect and referral business. Profit also means being able to reduce unnecessary expenses and running a more cost-efficient department. But the major source of your profit lies with your ability to manage and lead salespeople. It takes more than one person to come up with creative ways that will work. It's an entire team effort. You as an individual may have wonderful ideas and dreams. but if they are unrealistic, or if you can't get the support of your salespeople, then your ideas and plans will not materialize.

Ultimately, your success as a Sales Manager will be dependent upon your ability to put the needs of your salespeople above your own.

Chapter 2

Used Vehicle Sales Manager Job Description

“Hire people who are better than you are, then leave them to get on with it . . . ; Look for people who will aim for the remarkable, who will not settle for the routine.”

— **David Ogilvy**

“When hiring key employees, there are only two qualities to look for: judgement and taste. Almost everything else can be bought by the yard.”

— **John W. Gardner**

USED VEHICLE SALES MANAGER

Used Vehicle Sales Managers are responsible for the appraisal, purchase, reconditioning, display and merchandising of the used vehicle inventory.

Managers ensure customer retention by hiring, training and evaluating their sales staff to be customer-focused. Sales Managers also strive to have their sales team meet daily, weekly and monthly vehicle sales quotas and to make sure that their department is profitable.

Sales Managers are expected to uphold the highest ethical standards.

• JOB DUTIES

Job duties for a Used Vehicle Sales Manager include:

— Forecasting goals and objectives for sales, gross and key expenses on a monthly and annual basis and preparing an operating budget for the department.

— Hiring, motivating, counseling and monitoring the performance of all used vehicle sales employees and processing commission sheets and monitoring payroll.

— Understanding, keeping abreast of and complying with federal, state and local regulations that affect used-vehicle sales.

— Assisting individual salespeople in setting aggressive yet realistic monthly goals and assisting on sales and closing deals, as well as approving sales.

— Tracking all customers and making sure all leads are logged.

— Maintaining vehicle inventory and local market analyses to determine which vehicles to stock.

— Monitoring customer satisfaction ratings for the department and ensuring proper follow-up of all potential buyers by developing, implementing and monitoring a prospecting and sales control system.

— Communicating daily with the new-vehicle sales manager regarding units needed for used-vehicle inventory.

— Assisting in the development of advertising campaigns and other promotions.

— Keeping abreast of local auto auction activity and prices and attending auctions on a regular basis.

• **JOB REQUIREMENTS**

— Used-vehicle Sales Managers should have two years of experience in automotive sales with a proven ability to sell a minimum quota according to dealership management. Additionally, the ability to manage a number of salespeople is necessary for this position.

— Managers are required to maintain the profitability of their department while controlling expenses and maintaining customer satisfaction, as well.

— Managers are required to not only understand and keep abreast of the federal, state, and local regulations that affect their operations, but must also comply with these regulations as well as hazardous waste disposal, OSHA Right-to-Know and provide necessary training on these regulations and ethical practices.

— Management personnel require strong communication skills to deal with customers, employees and vendors.

— People working within the automotive retail industry often have to work extended hours, evenings and weekends to achieve their goals.

— A valid state sales license if required.

- **EDUCATION REQUIREMENTS**

— A high school diploma, or the equivalent. A college degree is preferred. A strong background in business, mathematics, marketing and computers is also useful.

- **CAREER PATH**

— A used vehicle Sales Manager will begin his or her career as a salesperson and with enough experience is able to become the used vehicle Sales Manager, then General Sales Manager. Sales Managers often become General Managers of dealerships.

- **SALARY RANGE**

— Earnings vary depending on experience, and the dealer's geographic location and size. Some dealerships, especially larger ones, may pay bonuses and have special incentive programs for exceeding sales quotas.

- **BENEFITS**

— Benefits vary by employer, but most dealerships offer health insurance, retirement plans, and other benefit options to employees. Talk with the specific dealer human resource manager about benefit packages.

¹ Job description excerpted from www.autocareerstoday.net

Chapter 3

What Differentiates Leadership from Management?

“Focus on a few key objectives ... I only have three things to do. I have to choose the right people, allocate the right number of dollars, and transmit ideas from one division to another with the speed of light. So I’m really in the business of being the gatekeeper and the transmitter of ideas.”

— Jack Welch

“So much of what we call management consists in making it difficult for people to work.”

— Peter Drucker

People are usually promoted into Sales Management because of their seniority and sales skills and not necessarily because of their people skills and leadership skills. Merely handling the day-to-day operations of the job won’t be enough if you want to get ahead. The success of your department will be determined by the type of managing style and philosophy that you embrace. Following are some characteristics that a Sales Manager must possess in order to become an effective leader:

- **THE ABILITY TO ESTABLISH A PLEASANT ATMOSPHERE**

Your salespeople will spend approximately one-third of their lives in in your sales department; therefore, it stands to reason that if they enjoy going to work, they will be happy and productive workers. If the working climate is enjoyable and hassle-free, chances are your salespeople will enjoy being there. Management bears the responsibility to create the proper atmosphere and working conditions that will lead to employee satisfaction and high performance.

- **THE ABILITY TO MAINTAIN INTEGRITY**

A leader should behave the way he expects his employees to behave. To be a role model, you can't say one thing and do another. Sales Managers should abide by the same codes that they set for their salespeople. A Sales Manager cannot expect a salesperson to arrive on time every day if he himself is consistently late. Since Sales Managers are in a high-profile position, the respect they will receive from their salespeople will be determined by their own integrity.

- **THE ABILITY TO ESTABLISH HIGH LEVELS OF PERFORMANCE**

To make a sales department successful, Sales Managers must define and set the standards of operation. At its most basic level, this means providing salespeople with a clear set of instructions and the proper tools to do the job. From here, you must ensure a pleasant atmosphere to make a work-conducive environment. Once salespeople realize that their boss is "going to bat" for them, they will strive to perform at their highest level.

- **THE ABILITY TO CONTINUOUSLY LEARN**

Leaders should know about the responsibilities of their department and about how their department relates to all other departments in the dealership. A leader should also be knowledgeable about what it takes to develop excellent salespeople. As a leader, you must continuously learn about the selling side, as well as the business side of your position. Whenever possible, enroll in relevant courses, attend workshops and seminars, read trade books and magazines and listen to motivational or instructional audios. Exposing you to new information will make your job more profitable and enjoyable. The enthusiasm you gain by increasing your knowledge should transfer to your salespeople. Your enthusiasm may inspire them to want to increase their learning.

- **THE ABILITY TO TRAIN SALESPEOPLE WELL**

In order to get results through other people, it's not enough to simply tell your salespeople what is expected of them. It's important that you train your salespeople to do their jobs well. To be a good trainer, you must be able to convey information in a simple and practical way that can be easily understood by others. This can be achieved through explanation and demonstration, as well as by an active follow-up procedure to determine if the training was effective.

- **THE ABILITY TO MAKE SACRIFICES**

To keep a loyal staff, it's important that you be available when they need you. You must be prepared to accept the fact that your work days will be longer. Much of your time at work will be devoted to your salespeople, making it necessary for you to stay late to complete deals, or take work home to prepare for sales meetings and training.

- **THE ABILITY TO WORK HARD**

All of your ideas may not be popular or workable. Expect to become disappointed and discouraged at times. You must realize that success is not necessarily achieved through complex strategies. Success comes from hard work, persistence, perseverance and conscientiously carrying out the duties and leadership responsibilities of your position. Let your salespeople see you working hard and they in turn will work hard for you.

- **THE ABILITY TO SHARE RESPONSIBILITY**

Many salespeople like knowing that they are part of a team and that their efforts will ultimately benefit not only the dealership and the Sales Manager, but also themselves. A leader should not have to make all the decisions, policies and plans alone. There is a wealth of knowledge and ideas within each department. Let your salespeople know that they are a valuable part of the organization. Allow them to contribute their ideas and share in the responsibility and success of the sales department.

Take a good look at yourself and determine how closely you come to the preceding descriptions. As a leader, your responsibility is to create an atmosphere that makes it easy for salespeople to do their best work. If your behaviors and personality inhibit this type of environment, it may be time for some self-assessment.

DEVELOPING THOSE SPECIAL QUALITIES

When you were selected to be a Sales Manager, it may have been for reasons other than your selling skills. Someone spotted attributes and abilities in you that go beyond your selling expertise. Selecting someone with the potential to do great things for the sales department and for the dealership is what your employer had in mind. So if you have the desire to go far in your career, don't be satisfied with mediocrity. Put your best foot forward and validate your dealership's reasons for selecting you.

Becoming a manager won't automatically make you a leader. You have to build a solid foundation of management skills before you can be free to lead. Some managers are content

doing a great job managing the routine tasks of their departments and prefer to leave the more risky and creative endeavors to others. These individuals should not be criticized, but they should understand that they may not be as promotable as a more aggressive manager. The difference between managers and leaders lies mainly with each individual's desire and commitment to move outside the comfort-zone of the position and attempt greater challenges.

Think back to some of the people you have admired for their leadership abilities. Try to analyze the qualities that made these individuals stand out. Was it merely the power or title of their position? Or, did these individuals possess certain traits that make them special? A leader is someone people admire, respect, and want to support and follow. The fact that you're in a management position doesn't make you special. You become special as a result of your actions, hard work, dedication and moral character. Since the title of manager automatically commands a certain degree of power and authority, don't confuse or abuse the power of the position. Use it in a positive, creative and productive way. In addition to position power, you have two other sources of power that are even more important. They are your knowledge/experience power and your personality power. Learning how to use all three power sources to your best advantage will determine how effective a leader you will become.

Without a doubt, today's leader has to learn to leave his ego at the door. The success of every department is dependent upon everyone working cooperatively to achieve common goals. And within each department there is a wealth of knowledge that will only be realized if the leader extracts and nurtures that knowledge.

The objective of every leader is to develop his staff to their fullest potential so that he can be free to pursue additional goals and responsibilities. Being free to lead means not being bogged down with the day-to-day business, not having to "baby-sit" the salespeople, and not having to constantly fight fires. In order to accomplish this, leaders have to be teachers, good listeners, counselors, delegators, decision makers, effective planners, efficient time managers, and more.

Since there are no quick ways to develop leaders, you must never stop being a student. Your willingness to always want to learn will also set a good example for your salespeople. It's important that you remain current with the trends in your industry, be willing to experiment with innovative ideas and procedures, refine your writing and verbal skills, and above all, excel in your ability to deal with people.

Following are some questions that may help you assess your leadership profile. Answer them as honestly as possible, but don't become intimidated by them.

- Do you have long-term goals and plans?
- Are you a risk taker?
- Do you enjoy mentoring other people and watching them grow and succeed?
- Do you enjoy demanding challenges?
- Do you go outside your comfort zone and seek additional knowledge?
- To maximize your chances for success, do you anticipate problems and needs and act on them before they get out of control?
- Do you like to encourage and instill change and help others adjust to change?
- Do you project a positive attitude?
- Are you disciplined?

If you didn't answer yes to all of the questions, don't become discouraged. Everyone possesses leadership qualities, some are just more predominant than others. You may need to refine your management skills before you jump into the role of leader. In the meantime, learn to maximize your best qualities so that you will be recognized and respected for them.

Here are some other qualities that will help you gain credibility in your role of Sales Manager and leader:

- **PATIENCE**

Although you may want results to come quickly, be reasonable with your expectations. What seems simple on paper isn't necessarily easy to execute in real life. Your salespeople may need to learn new skills; or study product knowledge; or learn to use your CRM program. Whatever the circumstances might be, give your salespeople a logical period of time before you request results.

- **LOYALTY**

Loyalty to your dealership and salespeople is an attribute upon which you will be judged. Since you are a representative of the dealership, showing professional conduct both inside and outside the dealership is important. Never speak unkindly of your dealership, your bosses, your peers, or your employees. You may not always agree with their policies, procedures or personalities, but you can learn to work within the system. If you want people to respect, trust and be loyal to you, you must first be loyal to them. Putting your dealership's and salespeople's interests and concerns above your own will gain you the allegiance you seek in order to pursue your goals.

- **COURAGE**

Standing up for what you believe when it's against majority opinion, and standing by your staff when things go wrong takes a lot of courage. Remaining true to your convictions, however, is part of the integrity and consistency you bring to the position. In the long run you will be admired for this quality.

- **EMOTIONAL CONTROL**

A leader has to remain strong in the face of adversity. He has to be able to keep his cool even when the chips are down and tempers are flying. Realize that you won't be popular with your salespeople all of the time, and that you will experience unfavorable events in the line of duty. Try to put everything in its proper perspective. Begin by turning negative experiences into learning experiences from which everyone can benefit. Learning to keep your emotions intact means having a clearer mind to make all those other important decisions. You can't allow the pressures of your job to keep you down. Being able to bounce back will also gain you respect.

- **ACCOUNTABILITY**

As a Sales Manager you need to account for your personal actions and those of your salespeople. Loyalty comes from being honest, assuming responsibility when problems arise, and giving credit where credit is due. If you make a mistake, admit it. If a salesperson makes a mistake, deal with the issue privately and try to analyze what went wrong. Passing blame on to others is a sign of weakness and insecurity. By the same token, it's unethical to accept credit for someone else's accomplishments without giving credit and acknowledgment to that individual.

- **RELIABILITY**

Employees look for consistency in behavior and actions from their manager. It's very difficult working for someone who is subject to mood swings and frequently changes his mind. Your credibility is automatically lost when you consistently promise things you never deliver, such as making impulsive commitments that you won't be able to keep. In essence, if your salespeople can't trust you to be reliable, they won't take you seriously.

- **SENSITIVITY**

Getting to know each of your salespeople is very important if you want to bring out the best in them. Listening to them, showing sensitivity to their needs and problems,

and praising and rewarding them for their accomplishments will make them feel more appreciated.

- **DETERMINATION**

Once you have determined the needs of your department, you must follow through with the type of intensity and perseverance that will lead to the successful achievement of your goals. Having your salespeople see your determination will give them the same foundation upon which to build their work ethic.

- **CONFIDENCE**

How others perceive you is dependent upon how you perceive yourself. It's very difficult to take on the challenges of running your department without believing in yourself and in your staff. Making sound judgments, meeting deadlines and experiencing victories will certainly help to build your confidence. But keep in mind that your salespeople need reassurances, too. Besides knowing that you're a competent leader, they have to believe in their own abilities. Treat them fairly and let them experience success — and watch their confidence grow. Involve them in planning and decision-making — and watch performance and productivity grow.

- **DECISIVENESS**

Making decisions is part of every Sales Manager's job. You can't always labor over whether or not you're making the correct decision because you'll become paralyzed. The more experience you gain in decision-making, the quicker you'll become. Learning not to get hung up on the details, and learning when you've gathered sufficient information to make an educated decision is part of your growing process. When contemplating a decision, take into consideration how it will affect your short and long-range plans, and how it will affect your staff. Then proceed to make the best possible choice with the fewest disadvantages. Even though all your decisions won't be popular, you'll be perceived as consistent and fair.

Developing your management and leadership skills should be an on-going process. There are many books, video and audio tapes, and courses to assist you. Take advantage of as many of these learning tools as you can. You'll also be surprised at how many of these techniques can be used to improve personal relationships. And finally, never hesitate to ask those you admire for guidance. You can learn from their wisdom and experience.

Chapter 4

What Makes a Great Sales Manager?

“I think you have to work with people, and when I talk about managing relationships, don’t think the derogatory “managed relationships”. It is a question of sharing emotion and feelings. The common denominator of everything can’t be money, and it should not be money.”

— **Anil Ambani**

“If we allow the celebrity rock-star model of leadership to triumph, we will see the decline of corporations and institutions of all types. The twentieth century was a century of greatness, but we face the very real prospect that the next century will see very few enduring great institutions.”

— **Jim Collins**

There’s no single, remarkable secret. In fact, great Sales Managers are many things. Depending on the situation, a great sales Manager is a time-management supervisor, a meeting planner, a contest coordinator, a talent scout, a coach, a trainer and a psychiatrist. All of those roles put together — and executed well — make for a great Sales Manager.

However, there are five key areas in which the best Sales Managers excel. Great Sales Managers:

1. ARE PASSIONATE AND ENTHUSIASTIC

These traits are transferred to the entire sales staff. If the leader is negative, everyone else will be pulled down. How do great managers maintain a realistically positive attitude? Great managers are great readers; they read everything they can find about their crafts and industries. They seek out mentors whose wisdom and experience can help them achieve their goals, and they encourage their salespeople to do the same. They surround themselves with high-quality people.

2. RECRUIT GREAT SALESPEOPLE

Many managers don’t start recruiting until someone leaves, which means they often settle for second best in order to fill the gap. Great managers, on the other

hand, are always on the lookout for talented people. One way they do that is by carrying two-sided business cards to give out to people they meet at other businesses who demonstrate great sales and service skills. One side of the card contains the standard name, address and phone number. On the other side, it might say, "I was very impressed with your service and professionalism. Please call me if you're ever looking for a career." The success of a sales manager is in direct proportion to the success of the team, which is why it's critical to hire the best people.

3. MAKE THEIR NUMBERS THROUGH THEIR SALESPEOPLE, NOT FOR THEM

The greatest difficulty a sales team can have is a manager who closes for his people. When that happens, the salespeople don't learn the skills they need to move to the highest level of self-sufficiency. It's instinctive for a manager to want to jump in and save a sale, but the message you send is that you may not be training your salespeople enough. Close a deal for a salesperson and you've made one sale; teach him how to close and you've made a career.

4. LEADS BY EXAMPLE AND DEVELOPS A STRONG TEAM

Great sales managers develop a philosophy of "team". They wouldn't expect their salespeople to do anything they wouldn't do themselves. They involve the team in decision making processes for the good of the sales department. They work together for the success of the entire team and department, and leave selfish egos at the door.

5. UNDERSTAND THEIR SALESPEOPLE'S INDIVIDUAL STRENGTHS AND WEAKNESSES

They're able to ask non-directive questions like "What do you think you could have done differently on that sale?" or "What was your objective?" When the salespeople say it, they own it; when the manager says it, they doubt it. Great managers are aware of what motivates each salesperson and know how to get the best from everyone. They expect excellence. If your salespeople know you think they're capable of reaching greater heights, they'll strive for them.

Your role as a leader is to encourage your people to succeed. There may be substantial monetary rewards in being a great sales manager, but the greatest reward is having helped others reach their goals. Our material possessions won't really matter once we're gone. Our greatest legacy is the people we've helped build, who are left to build others in the same way.

Chapter 5

The Sales Manager as a Coach

“There are managers so preoccupied with their e-mail messages that they never look up from their screens to see what’s happening in the nondigital world.”

— **Mihaly Csikzent**

“The most efficient way to produce anything is to bring together under one management as many as possible of the activities needed to turn out the product.”

— **Peter Drucker**

Have you ever watched a professional sports coach working with a player? It’s a hands-on event. The coach is actively involved in the process. There is pushing, directing, handling, pointing and instructing. Coaching may be a teaching process, but it’s more than just teaching.

Sports and sales are learned in the field, and they are best taught by a coach who has experienced the event in the field. For instance, a teacher could conduct a tennis class with a text, slides, film clips and overheads, but it would take a coach to show the player how to serve and volley. Until the player hits the courts, everything is theory. It’s the same with sales.

Selling skills, as well as most sports skills, are acquired through information, practice, follow-up instruction and hands-on coaching. Selling coaches understand this and become professionals at the skill of coaching. And while most successful coaches have field experience, the best players do not always make the best coaches.

The committed Sales Manager is a selling coach. His or her goal is to help others improve their competence and, ultimately, their confidence at performing critical selling skills.

• THE COACHING PROCESS

To bring about genuine performance improvement, the coach needs to follow a predictable process. It is a process you need to learn and practice in order to use effectively.

Here are the essential rules of coaching:

1. SET EXPECTATIONS

Clearly and simply state your goals for each coaching session. For example:

"Today, Marie, we are going to focus on qualifying your prospect."

If you believe the salesperson needs the information, it may be desirable to explain why the skill is important, or why you are repeating a coaching session on this particular skill. Focus on just one or two skills. It is easy to confuse and frustrate people who begin to feel they can't do anything right.

2. CONFIRM KNOWLEDGE

The coach needs to confirm that the salesperson understands the skills needed to meet the expectation. Does the salesperson have the knowledge necessary to perform? Can she recognize a customer need and grasp how that need can be solved by the vehicle you are selling? Does she know how to construct an effective qualifying session? Can she build an open-ended question based on a customer's comment? Ask her to give you some examples of good qualifying questions.

If she cannot perform these skills, coaching and teaching needs to begin in the training room. There is no sense in setting the salesperson up for confidence-breaking failure just to prove a point.

3. OBSERVE PERFORMANCE

Once you are certain the salesperson understands the concepts and knows how to perform the skill, you are ready to observe performance on the showroom floor and evaluate the salesperson's ability. You should overlook minor skill problems that occur in the process. Make a note of problems when you observe them and correct them later. Remember, it is always best to stay focused on a narrow set of skills that relate to the expectations you established.

Observe to determine her ability to recognize the selling situation correctly. Does she understand what to do? Is it executed properly? Does she demonstrate confidence? A good coach is concerned with identifying and coaching Marie for long-term results. This is actually more important than the outcome of the qualifying session.

Please remember, the coach cannot go to bat for the player, even if he or she recognizes that the player is going to strike out. It's a hard lesson, and the coach must often bite his or her lip. But the player will never learn to hit a curve ball if the coach keeps taking the bat away.

4. COACH THE SKILL

Begin the coaching process by asking the salesperson to evaluate his or her results.

"Marie, tell me how you felt you did with your qualifying session."

This gives her the opportunity to evaluate and explore options and alternatives to her own performance, and even ask for help in a particular area. Her responses will allow you to focus on her questions and concerns. Most of the time, people will underestimate their own progress, but sometimes they are off target. It's your job to challenge the excuses that lead to failure, and recognize and help the salesperson stop any destructive habits and behaviors.

Identify areas and cite specific examples within the qualifying session where you can offer advice:

"Marie, what do you think you could have done differently when the prospect said he wasn't interested in purchasing today?"

Here, you are giving the salesperson the opportunity to recognize a mistake for herself and develop her own answer to the problem.

If she solves the problem, you can congratulate her. You have reinforced that she is bright enough and has the skills to solve her own selling dilemmas. You can bolster her confidence while coaching her. She will buy her own solutions much quicker than she accepts yours.

If she does not develop an acceptable answer, you can then ask her to evaluate one of yours:

"Marie, what would have happened if you had asked him why he wasn't planning on purchasing today?"

5. RECOGNIZE PROGRESS

Most progress can be measured in small steps. Unless you recognize it and reward the behavior, the steps might start going backwards, as the salesperson begins to grope for answers and shortcuts. Point out areas of competence and strength and use them as stepping stones for skills success.

6. FOLLOW-UP FOR SUCCESS

Come back to the skill and recognize where progress has been made. Acknowledge

progress, encourage future improvements and point toward solutions and answers instead of focusing only on what went wrong. Help the salesperson focus on the wins. This makes the coaching process an event Marie will look forward to, and it will help her accept the coaching as well.

Chapter 6

The Used Vehicle Department

"The majority of men meet with failure because of their lack of persistence in creating new [sale management] plans to take the place of those which fail."

— **Napoleon Hill**

"Only those who dare to fail greatly can ever achieve greatly."

— **Robert Kennedy**

In growing numbers across the country, smart dealers are proving that a balanced operation is the best profit guarantee. How do you achieve a balanced operation? By structuring each department so that it stands alone, covers its own expense and contributes profit to the total dealership operation.

In recent years, dealers have turned to used-vehicle sales for profits. NADA cited several reasons for the increase in used-vehicle popularity:

- stagnating family income
- a moribund national economy
- escalating new-vehicle prices
- declining vehicle equity
- higher-quality and longer-lasting product
- used vehicles from rental fleets
- slow or no growth in new-vehicle sales
- the end of high-profit new-vehicle departments at import franchises
- the emergence of "payment lots"
- the growing popularity of leasing
- the dealers' increasing comfort in using auto auctions as a source of used vehicles

USED VEHICLE OPPORTUNITIES

As a dealer, you are in a unique position, and here are some reasons why:

- Many dealership franchise agreements require a used-vehicle operation. (The used vehicle is actually one of the strongest reasons for the existence of the franchise system. The factory can sell and service new vehicles with ease, but they cannot as easily or profitably dispose of the trade-in.)
- Used vehicle sales complement new vehicle sales.
- By location and type of employee, dealerships are geared to sell used vehicles in local retail markets.
- Dealers can control the used-vehicle inventory. By purchasing from alternate sources, they avoid the distribution problems often found in the new-vehicle department.
- Finance and insurance opportunities are expanded through used-vehicle sales.
- Service and parts departments benefit directly from used-car and -truck reconditioning.
- The used-vehicle department offers flexibility in meeting market demands across product and size categories.
- Market changes are often first felt in the used-vehicle market. Dealer involvement in the used-vehicle operation enhances the total operation.
- Used-vehicle operations are an excellent outlet for vehicles from the lease and rental market.
- Cash flow for the dealership can be controlled through careful selection and management of the used-vehicle inventory.
- The list of used-car and -truck customers is a good prospect list for the new- vehicle department. An active used-vehicle operation will increase profits for both new- and used-sales departments.

To achieve a maximum profit in the used-vehicle department, the dealer must ensure that several conditions exist:

- able management,
- salable inventory,
- sufficient manpower,
- adequate facilities,
- motivational pay plans, and most important,
- personal interest.

To know your used-vehicle market, you must constantly analyze your dealership sales and vehicle inventories as well as overall new and used sales trends in your market area. The following questions will help you in your analysis:

• **What makes of used vehicle did you sell last month? What are you currently carrying in inventory?**

Many dealers have found that their used vehicle inventory tends to mirror their new vehicle inventory. However, an analysis of actual sales often indicates that such an inventory is out of balance. Dealers tend to overstock their used vehicle inventory with their primary make(s).

• **What is the price range of the vehicles you are selling? What price range are you stocking in inventory?**

Most auctions furnish summaries of sales by make and model year. A study of these volumes and prices will keep you informed on current used-vehicle market trends. Regular attendance at the auction provides you and your used-vehicle manager with valuable information as to what to buy and how to price your vehicles.

Analysis of new-car registrations in your area will help you predict demand trends and keep you apprised of vehicles currently on the road in your area.

The price that can be negotiated for a used vehicle is dependent on the supply and demand for a particular vehicle at any given time. The buyer may have a make preference, but is more likely to be influenced by the value, quality and price he or she can afford.

• **What model years are selling? What model years are currently in your inventory?**

Periodically, compare sales against your current inventory. You don't want to have an unbalanced inventory which could reduce your sales potential.

- **What are good sources for used vehicles?**

The used-vehicle market is about three times as large as the new-vehicle market. It should be. Every car or truck on the road today is a used vehicle. Of course, all used vehicles are not sold through franchised new-vehicle dealers. Private individuals, fleet accounts, leasing companies and other businesses have captured much of the retail used-vehicle market and are sources for used vehicles at the same time that they are competitors for the used vehicles and used-vehicle customers. As a source of used vehicles, auctions made the biggest inroads during the past decade.

A typical dealer will probably find that increasing street and auction purchases will better balance his or her inventory.

Chapter 7

Appraising the Trade-In

"Men are born to succeed, not to fail."

— Henry Thoreau

"Success in almost any field depends more on energy and drive than it does on intelligence."

— Sloan Wilson

Whether the dealer or manager is appraising a trade-in or buying a used vehicle outright, the appraisal should be the same. Adjusting trade-in values to encourage a customer to purchase a new vehicle will ultimately lead to an unbalanced used-vehicle inventory. To arrive at the true cash value of a vehicle, a thorough appraisal is necessary. It is important to remember that the used vehicle is accepted in lieu of cash and should be treated with the same respect. To avoid the conflict between the new- and used-car departments, the dealer may wish to consider developing a pay plan for both Sales Managers that is dependent on the total gross of the new- and used-vehicle departments.

KEYS TO AN ACCURATE APPRAISAL

- **Do not adjust the used-car appraisal to make a new-car deal.**

(This is not always written in stone since the original premise of the used vehicle department was to sell new vehicles. But as you start looking at profitability for your department, you don't want to put so much money into the trade-in that you can't get rid of it, or you'd have to sell it for a loss.)

- **Have a qualified person appraise the vehicle (dealer, used-car manager, appraiser).**

Do not ask untrained sales staff to appraise trade-ins. A

trained back-up person should be available to appraise vehicles.

- **Get two appraisals if the appraiser is not experienced.**
- **Consider reconditioning costs at the time you appraise the vehicle.**
- **Get information from the person selling the vehicle.**

(Who knows more about the condition of the unit?) Many dealers get accurate information by asking the customer to complete and sign a written "customer value report" which includes the following questions:

1. Was this vehicle new when you originally purchased it?
2. From whom did you purchase this vehicle?
3. How long have you owned this vehicle?
4. Has this vehicle been in constant use since purchase?
5. What is the current gas mileage city ____ highway ____?
6. Have you ever towed a trailer with this vehicle?
7. Has this vehicle ever had to have body work?
8. Have you ever had major problems with this vehicle? Explain.
9. Approximately how much do you think this vehicle is worth?
10. Would you recommend this vehicle to a friend?

- **You should have a consistent appraisal procedure.**

Conduct appraisals in a predetermined, level and well-lighted location. Test drive every vehicle. Map out a defined test-drive route.

- **Used-vehicle appraisals must be thorough.**

Normal wear and tear is to be expected. Do not rush the appraisal process.

- **Develop a standard appraisal checklist to ensure that all equipment and operations are checked.**

Note: If you take a car in trade, be sure that an odometer disclosure statement has been properly completed and that the odometer statement is consistent with the age and condition of the car.

Most dealers feel that the appraiser should determine if the unit is to be wholesaled or retailed at the time of appraisal. Other dealers feel that all units should be retailed. Regardless of your philosophy, be thorough in your appraisal and set a time limit on how long the appraisal is valid. After the time limit, i.e., five days, re-evaluate the unit. Many used vehicle problems start with hasty appraisals and worsen because the appraisal is not revised.

A vehicle appraisal is an offer to buy a car or truck at a specified price. As your final objective is to resell the vehicle at a profit, an accurate appraisal must take two things into account:

- Potential selling price (wholesale or retail) as indicated by current market trends,
- Estimated reconditioning expenses.

The more accurate the appraisal, the greater the opportunity for profit when the vehicle is either wholesaled or retailed.

Chapter 8

Reconditioning Your Vehicles

"Try not to become a man of success, but rather try to become a man of value."

— **Albert Einstein**

"Keep away from people who try to belittle your ambitions. Small people always do that, but the really great make you feel that you, too, can become great."

— **Mark Twain**

The objective of reconditioning is to improve the appearance and operation of a vehicle to:

- attract customers (new and repeat)
- move vehicles quickly
- improve the gross profit per vehicle
- improve the dealership image
- comply with state inspection requirements

A vehicle should be reconditioned and on the lot ready for sale within 72 hours. Most vehicles require some form of reconditioning whether they are being retailed or wholesaled.

RECONDITIONING PROCEDURES:

- **Bill reconditioning at retail prices.**

Many dealers or used car managers who experience expensive delays in getting their used-vehicle inventory lot-ready could eliminate delays by paying the service department retail service rates for reconditioning. If you're wondering why the service department should profit from an internal customer's service needs, consider this: The service and parts departments carry a large share of the used-vehicle department's expense. Shouldn't they also participate in the profit?

- **Store the used units received each day in a specific area (bull pen).**

This will help you track reconditioning time and prevent unnecessary delays.

- **Write reconditioning instructions promptly.**

At the time of appraisal decide whether to wholesale or retail the vehicle. Since estimated reconditioning expenses are a requirement of an accurate appraisal, the repair order for reconditioning can and should be written the same day the vehicle is received.

- **Maintain close contact with local upholstery and trim shops in case they are needed for a specific job.**

- **Ensure that all costs are recorded on inventory records and track reconditioning costs versus gross profits generated per unit.**

There is a limit on the amount that should be spent to recondition a used vehicle. This limit comes with experience and varies by area. The law of diminishing return sets in as you increase reconditioning expenses. Additional reconditioning costs will bring additional profit up to a point. Beyond that point the profit return gets smaller and smaller.

You must exercise care when investing in a particular used vehicle. The zero point of return on reconditioning expense is different in each dealership. A close study of the additional profit per dollar of reconditioning expense will establish that limit. Don't waste good money on a loser. Estimate reconditioning expense at the time of appraisal and then stay within those limits.

Chapter 9

Making the Wholesaling Decision

"You can't build a reputation on what you're going to do."

— **Henry Ford**

"Success seems to be connected with action. Successful people keep moving. They make mistakes, but they don't quit."

— **Conrad Hilton**

The decision to wholesale or retail a trade-in is sometimes a difficult one. Some dealers do not wholesale any vehicles. Those who do agree that the decision must be made quickly. The primary objective of wholesaling is to get your costs out of the vehicle as soon as possible, so that your money can be invested in more salable merchandise. In most dealerships it is a good practice to wholesale used vehicles taken in trade that are considered slow sellers or "rough" units. The decision to wholesale or retail comes down to these basic questions:

- Can you retail this unit for profit within 30 days given your reconditioning estimate?
- Does this unit sell well in your market?
- Can your salespeople sell this unit profitably?

If the answer to any of these questions is "no", you should consider wholesaling the unit.

Wholesale Customers

Once you have made the decision to wholesale, you'll

have to know your buyers. The following approaches to wholesaling are recommended:

- Sell them through auctions.
- Sell them to other new-vehicle dealers.
- Sell them to wholesale brokers.
- Sell them to independent used-car dealers.

Some dealers have opened buy-here/pay-here, or note lots. At the buy-here/pay-here operation, customers who do not qualify for conventional financing can buy a used vehicle that fits their budget. It is more of a finance business than a sales business. It is recommended that the inventory retailed in the buy-here/pay-here operation come primarily from your used-vehicle department's inventory.

Buy-here/pay-here, if run properly, can be an additional profit center for the dealership, but if mismanaged, it will cost you money. Like any other venture, it is not for everyone. You have the potential for success if you are willing to do the following:

- make an up-front investment without an instant reward;
- concentrate on cash flow instead of gross profit;
- scrutinize every account daily; and
- treat customers with respect from the beginning to the end.

Chapter 10

Determining Your Pricing and Profit Philosophy

"There comes a moment when you have to stop revving up the car and shove it into gear."

— **David Mahoney**

"Luck comes to a man who puts himself in the way of it. You went where something might be found and you found something, simple as that."

— **Lewis L'Amour**

How much profit should be made on a used vehicle? As much as possible. You should sell every vehicle for its full retail market value regardless of the original acquisition cost of the vehicle. Start at the top retail market price and work downward. Why? Consider two separate situations:

Situation #1

You purchase a good used vehicle for an exceptionally low price. If you determine your selling price building upward from this very low acquisition price, you will be cheating yourself of the full profit margin.

Situation #2

When appraising a used vehicle, you accidentally overlook a major flaw and pay much more for the vehicle than you should have. If you determine your selling price by building upward from this high acquisition price, you will be overpricing the vehicle, running the risk of poor customer relations, lost sales or over-age inventory.

Your decision regarding the vehicle's market value should be made only after careful consideration of several factors, including guide book and sales record

values, mileage, equipment, reconditioning costs, what warranty (if any) you are providing and needed profit margins.

When should you consider the acquisition cost in vehicle pricing? In every transaction, there must be a bottom price, the lowest price you will accept for the vehicle. The acquisition cost is important when setting this bottom price limit.

THE BREAK-EVEN POINT

Before establishing the lowest acceptable selling price for a used vehicle, you need to establish the profit break-even point for your average used car or truck. This average cost-to-sell is often surprisingly high.

Example:

| | | |
|---|----------|--|
| | \$20,625 | YTD selling expense for the used vehicle department. |
| + | \$61,875 | YTD fixed overhead expenses. Include a percentage of overall administrative expenses for the total dealership in this figure (13% of overall administrative expense is recommended). |
| = | \$82,500 | Total expenses. |
| ÷ | 142 | Number of used vehicles sold YTD. |
| = | \$ 581 | Cost to sell an average used vehicle. (Break-even point). |

To break even in the used-vehicle department, you must make enough gross profit on each used vehicle transaction to cover your cost of sale (\$581 in the above example.)

THE DEALER PROFIT ELEMENT

How much profit should be made on a used vehicle? Consider these factors:

Inflation

In order to maintain your dollar investment, your profit percentage must at a minimum equal the inflation rate. For the sake of example, assume 5%.

Investment

Every investor expects to recoup his investment within a reasonable length of time. For the sake of example use 10 years or 10% per year.

Opportunity

If your investment were made on the open cash market, you would earn money on it with no work at all. This rate varies with the prime interest rate. For the sake of example use 10%.

Return

Your minimum annual return must be the sum of the above percentages. In this example 25%.

Using the example in the previous section, and assuming a vehicle costs \$4,000, you would do the following to establish a used-vehicle pricing policy:

$$\begin{aligned} & \$4,000 \text{ (cost of vehicle)} \times 25\% \text{ annual return} = \$1,000 \\ & \$1,000 \text{ (annually)} \div 12 \text{ months} = \$83 \\ & \$83 \times 2 \text{ months}^* = \$166 \text{ investment net profit} \end{aligned}$$

* A prudent dealer would protect his investment for two months (twice as long as he would keep the vehicle).

THE SELLING PRICE

The lowest acceptable selling price for the used vehicle in the example would be computed as follows:

Example:

| | |
|--|---------|
| Cost of vehicle | \$4,000 |
| Break-even gross profit (Cost to sell average used vehicle) | \$ 581 |
| Investment net profit (used vehicle dept) | \$ 166 |
| Minimum selling price for used vehicle | \$4,747 |

Although your profit margin may differ from the preceding example, the factors shown (cost of vehicle, cost to sell and investment net profit) should always be considered when determining price.

PROFIT CENTERING CONCEPT

The used-vehicle department, viewed and managed as a separate operation, is responsible for making profit sufficient to cover expenses (including a portion of total dealership administrative overhead) and providing for an acceptable return on investment. The used-vehicle department is evaluated on department net profit (operating profit) as a percent of total dealership operating profit. Profit objectives are set, based on this percentage.

HOW PROFIT CENTERING WORKS

In a profit-centered dealership the used-vehicle manager is responsible for managing the used-vehicle department in such a way that optimum profit is achieved. His or her performance is evaluated and compensation is based on the department's profitability. (It is often advantageous under profit centering to tie the sales managers' compensation to a percentage of combined new and used profit or gross. This prevents non-productive squabbles regarding appraised values of used vehicles taken in trade.)

This concept will not work unless the used-vehicle manager is given the authority to make the decisions (within dealership policy) that will generate volume and profit. These decisions include staffing, compensation, employee relations, customer relations, merchandising, expense control and inventory control.

Accurate forecasting and the establishment of short and long range objectives are important steps in management by objective under the profit centering approach. A daily operating control is a good way to track progress and can determine which actions will ensure that monthly income and expense objectives are achieved.

IMPORTANCE OF EXPENSE CONTROL

To piggy-back on profitability, controlling expenses is an extremely important function. In periods of depressed sales and tight money, expense control becomes a very important part of the used vehicle manager's job. The used-vehicle manager must:

- **Analyze each expense**

Rank each expense in order of its percent of departmental gross profit. Look at those that are in the top half in great detail. Determine causes.

- **Establish a plan**

Set specific courses of action to control each expense. Work the plan. Across the board percentage cuts in expenses are not logical. Some expenses should be reduced more than others. After establishing budget limits for each account and policies for the control of each expense, put them in writing. Make sure that everyone is aware of them.

- **Evaluate**

Watch daily trends. Examine accounts that get out of line, find out why and take corrective action.

Chapter 11

Onsite and Online Auto Auctions

"Success comes to the person who does today what you were thinking about doing tomorrow."

— **Unknown**

"Desire is the key to motivation, but it's determination and commitment to an unrelenting pursuit of your goal – a commitment to excellence – that will enable you to attain the success you seek."

— **Mario Andretti**

Auto auctions can help the franchised automobile dealer to develop a more efficient and profitable used-car operation. Dealers buy and sell used cars at an auction because they are convinced that they can make money on them, the same reason that new-car dealers buy from a manufacturer.

Beginners are often intimidated by major auto auctions. Auction operators know this, so they take extra steps to walk newcomers through the process. Those dealers who are new to the auction scene are invited to come in on sale day and observe what takes place, free of charge. The old wives' tale about scratching your head, then finding that you have bid on a car you didn't even know was on the "block," is nonsense. Auctioneers know who is bidding and who is not. The auto auction is one of the few places where one can receive an education without paying for it. Simply from observing an auction, you can see which of your competitors are buying or selling, what they are buying or selling, and what they are paying. Even if you see no one you know, the market action is there, and you do not have to be a stock market analyst to determine what is taking place.

It should be noted that there are significant regional differences in auction operations/terms/procedures throughout the United States. For example, sellers are

required to represent their cars and trucks on the block in the East; in the West, they do not. In the East and Midwest, checks are required; in the South and West, drafts are used. Be sure to investigate these regional differences.

The following glossary of terms will help dealers who are new to the auction to have a better understanding of its procedures.

Absolute Sale

A vehicle will be “absolutely sold” to the highest bidder, regardless of the amount bid. No floor price or protect price is in effect.

Announced Condition (Yellow Light)

It is the seller’s responsibility to announce the known condition of the vehicle—seen or hidden. It is the seller’s obligation to correct the auction or auctioneer for error made in regard to announced condition.

Arbitration

A procedure devised by the auction to investigate controversy between a buyer and a seller about the operation or performance of a vehicle or a part thereof, when a vehicle is announced as being in a “sound” condition and does not appear to be in “sound” condition by the buyer. To resolve the controversy, usually a financial adjustment to the sale price is agreed upon between the buyer and seller, or the sale is cancelled, or “unwound.”

Arena

The area where the auctioneer works and the vehicles are offered for sale.

“As Is” (Red Light)

What you see is what you get. Vehicles with more than 100,000 miles registered on the odometer are sold “as is” regardless of the year manufactured. Vehicles selling for \$1000 or less are sold “as is.” All police cars, taxi cabs, municipal cars, flood-damaged vehicles, salvage vehicles, reconstructed cars, motorcycles, and boats will be sold under the red light. Vehicles with known major repairs, damages, or mended frames also are sold “as is.”

Auction

An act or process of bidding for property (vehicles) sold to the highest bidder.

Auction Guarantee (Green Light)

Guarantees a vehicle to have a good power train, crankshaft, valves, rods, engine block, transmission and case, trans-axles, rear end, air compressor, radio, etc., within a defined dollar amount for mechanical repair.

Bid

The offer (price) of a bidder; a statement of what a bidder will give for the property. The act of one who bids.

Block

The place on the auction floor, usually in front of the auctioneer, where the competitive bidding is enacted.

Block Ticket

A computer-printed document, generated by the auction, that is the paper trail through the auction progress from registration to the sale and is the issuance of a check to the seller.

Bushing

An attempt to extract an unreasonable price adjustment for small flaws (usually when the vehicle comes into arbitration). Incidents of bushing should be reported to the auction management as soon as possible.

Buyer

An individual who, by persistent bidding, has offered the highest bid that the seller will accept for a vehicle.

Buyer's Market

A market in which the vehicles are plentiful, buyers have a wide range of selection, and prices tend to be low.

Closed Auction

An auction sale open only to a select group of bidders, such as state-licensed dealers or dealers with a particular new-car franchise.

Condition Report

A report written by a responsible and trained auction employee detailing the physical condition of a vehicle as he inspects it.

Dealer

An individual who has been licensed by a state to transact the sale and purchase of a new or used vehicle.

Dealer Auction

An auction sale open only to state licensed new- or used-vehicle dealers.

Dealer Registration

The procedure whereby an individual is registered at an auction to do business after s/he has been instructed in the auction's policies and procedures, and after a credit check and a dealer license verification have been performed.

Factory Sale

An auction sale of vehicles of a particular manufacturer that are usually sold only to the manufacturer's franchised dealers, such as at a closed factory sale.

Fee Schedule

A listing of the auction fees for registering, selling, or buying a vehicle.

Floor Price

Also known as a reserve or a protect price-the lowest dollar amount a seller will accept to sell a vehicle.

Frame Damage

Unseen, not-visible damage, usually under a vehicle, caused by a severe accident. The word "frame" means the structural unit (formerly the chassis) that supports the axles, engine, and body of a vehicle.

General Policies The operating rules of an auction, such as:

1. All licensed dealers must register and receive an auction identification card in order to do business.
2. All titles submitted by the seller must be in the seller's company name or on a reassignment form.
3. All vehicles must be run across the block once. Outside, off-the-block, or sold-off the-block sales must be consummated through the auction office. All such sales will be "as is."
4. The auction will pay the seller with an auction check. Buyers will pay the auction with a separate company check for each vehicle purchased.
5. All vehicles purchased must be test-driven (if purchased "with a drive") and paid or within one hour.
6. The buyer is responsible for verifying serial numbers and mileage on all vehicles purchased. A vehicle will not be offered for sale if it does not have a proper serial plate and proper verification.
7. All vehicles must have a gate pass obtained from the auction office as proof of purchase or ownership before a vehicle can be taken from the auction premises.

Gray Market Vehicle

A vehicle that does not have federally mandated emission controls—usually a foreign-made vehicle that was brought into the United States with no emission controls or inadequate ones that do not meet federal standards for exhaust emissions.

“Hammer Falls”

An expression used to indicate that the auctioneer has struck a deal between the buyer and the seller, and a sale is consummated.

Highest Bid

The highest amount that anyone has bid for a vehicle in the process of competitive bidding. Sometimes stated as the bid price.

I.D. Plate

The identification plate the auction issues to a qualified buyer or seller as a means of proper physical and financial proof for the buyer/seller to do business at an auction.

“If” or “Try”

A sale made strictly between a buyer and seller (sometimes handled by the auction between the seller and buyer) and not binding on either party until the sale is consummated.

Lane

The passage way in the auction house (barn) or building in front of the auctioneer where the vehicle travels to the block to be offered for sale. Usually listed as Lane 1, 2, 3, etc., or Lane A, B, C, etc.

Lane Schedule

The year(s) group of vehicles offered for sale in a given lane, such as “Lane 11’89 and ’88.”

Legend Symbols used on market reports.

| | | | | | |
|----|------------------|---------|-------------------------------|----|---------------------|
| S | Power Steering | 8G/8D | 4-, 6-, 8-cylinder gas/diesel | | |
| B | Power Brakes | * | More than 100,000 miles | | |
| AC | Air Conditioning | CC | Cruise Control | | |
| TT | T-top | A | Automatic Transmission | # | No air conditioning |
| SR | Sun Roof | 3, 4, 5 | Manual Transmission | EW | Electric Windows |
| VT | Vinyl Roof | 4X4 | Four-wheel Drive | DL | Electric Door Locks |
| VS | Vinyl Sun Roof | 2D | Two-door | | |
| MR | Moon Roof | 4D | Four-door | | |
| LR | Landau Roof | SW | Station Wagon | | |
| CV | Convertible Roof | PU | Pickup | | |
| ES | Electric Seats | VA | Van | | |

Light System (Visual Announcement)

Green - Auction guarantees vehicle.

Yellow - Announces condition of a malfunctioning part, option, or accessory of a vehicle.

Red - Vehicle is to be sold "as is."

Blue - Title attached.

Odometer Mileage

The mileage registered on the vehicle. A seller must announce from the block the following:

1. If the odometer is not working properly.
2. If s/he has any knowledge that the mileage on the vehicle is different from the mileage registered on the odometer.

Odometer Tampering

When someone has changed (lowered) the mileage on a vehicle with the intent to increase the bid price. This is a federal offense.

Public Auction

A public auction sale open to anyone who is qualified to bid.

Reconditioning

Also known as clean-up, detailing, or appearance conditioning. A thorough cleaning and polishing of the vehicle, including pressure-washing the engine and engine compartment, wheel wells, etc., to present the vehicles to bidders on the block in a commercially salable and acceptable condition.

Registration

The written admission of a vehicle (VIN, make, model, mileage, etc.) and its owner's name by an auction. Registration starts the process of entering information into the auction computer to activate a block ticket and to determine the selling lane and the sequence number assigned to the vehicle for sale across the block.

Resale; Remarket; Dispose

To offer a titled vehicle for sale at an auction. These terms are usually used by leasing companies to sell off-lease vehicles or used company vehicles.

Sale

An auction sale or the auction sale day.

Seller

An individual or company offering a vehicle for sale at an auction for competitive bidding.

Seller's Market

A market in which the vehicles are scarce, buyers have a limited selection, and prices tend to be high.

Settlement

The time (usually one hour) the buyer has to complete the financial transactions for the purchase of a vehicle in the auction office.

S.O.B. "Sold off block"

A deal consummated by seller and buyer off the block before or after the vehicle was initially run across the block and not sold. Also known as an "outside" or "off-the-block" sale.

"Title Attached" Transactions (Blue Light)

The seller has up to 14 days to produce and deliver a legal title to the buyer. The buyer is cautioned not to spend money repairing or conditioning the vehicle or sell or otherwise deliver the vehicle to another party until the title is received. When "title attached" is not announced from the block—if the vehicle is sold and the title is not available immediately—the buyer has the right to reject his/her bid price and terminate the sale.

"With a Drive"

The buyer has the privilege of road- testing the vehicle s/he has purchased before the financial transaction is completed. If the vehicle does not perform as announced by the seller on the block, the buyer can report his/her complaint to the arbitration office for its investigation and resolve.

FINDING THE INVENTORY YOU NEED AT ONLINE AUCTION SITES

The Internet has proven to be a tremendous resource for the automotive industry for everything from selling cars to finding new inventory. In today's wholesale market, it is easier than ever for both independent and franchise dealers across North America to access the vehicles they need through online auctions, but the service doesn't end there.

For the premier online auto auction sites, the variety of inventory available on the Internet is only one of the many benefits. Today, online auctions function as a one-stop shop for purchasing quality used vehicles, as well as providing end-to-end services that can get the car to your dealership with less overall risk and cost.

Any dealership, whether independent or franchise, often needs specific vehicles to help round out the lot. Driving or flying to a physical auction with the hope of finding those vehicles is getting riskier, given increasing travel costs. With gas prices in the U.S. closing in on five dollars a gallon and the economy slumping, it may not be worth the time and money

you need to invest in traveling to an auction, only to find what you need isn't available. Online auctions are the smartest, most fuel-efficient, and most economical option to help you get what you need to cater to your customer base and keep your inventory fresh.

• **VEHICLE CHOICES ABOUND ONLINE**

Accessibility and variety is the name of the game when it comes to online auctions. Now that the demand for online auctions from dealers is increasing, automotive consignors are offering more and more vehicles online; every make, model, and year can now be found online. Leading automobile manufacturers, captive finance companies, fleet agencies, and rental car companies, as well as other dealers are all looking to online auctions as an additional outlet for selling their wholesale inventory. In fact, it's often the first place they choose to sell their inventory because of the compelling economics, which means fresher vehicles and more selection than any other auction source, all in one place.

Dealers can easily access a whole range of vehicles from consumer off-lease units to recent-model, low-mileage rental vehicles, and older, higher mileage fleet units. The ability to purchase vehicles in high volume online is also a significant advantage for large dealerships. From fleet buyers to small independent dealers, the breadth of selection means there is a variety of vehicles suited to your buying behavior. Whether you're looking for a 1995 Ferrari Testarossa or a 2006 Honda Civic, chances are you'll find it online. Because online auctions have gained widespread adoption and more sellers and manufacturers are represented online, there is a constant flow of vehicles, so it's important to use the different tools that are available with online auctions. For example, dealers can easily set up saved searches to automatically email you when the vehicles you specify are available for sale.

• **HIGH GAS PRICES FAVOR ONLINE AUCTIONS**

There is no question that rising gas prices are having a significant effect on the auto industry. By avoiding the daily, weekly, or monthly trips to the physical auctions, the money that you would have spent on costly travel and gas can be put to better use.

Online auctions can also bring dealers from across the country together to sell to each other, as well as erase any geographical obstacles that may have previously stood in the way. There are often market specific opportunities for dealers to either buy or sell to other dealers that can be advantageous to both. Also, for dealers who are located in rural areas, hours away from the closest physical auction, the Internet enables them to level the playing field within the used auto market.

Some online auctions also offer dealer-to-dealer programs that enable dealers to create their own networks and communities by selling to each other. If you are trying to sell a vehicle

and you are just not finding the demand in your area, listing the vehicle online provides you with a nationwide audience and increases your chances for a sale.

• **I SEE THE VEHICLE I WANT, NOW WHAT?**

Once you've found the car you want online, the next step is to go from seeing it on your screen to getting it to your lot. With the availability of comprehensive third-party vehicle condition reports and high-resolution photos, online auctions provide a buyer with everything they need to make informed purchasing decisions. In addition, services needed to purchase the car—such as floor plan, transportation, as well as fair arbitration and transaction policies are at the dealer's disposal for a seamless transaction process from beginning to end.

In addition, the flooring options available through online auctions provide a great amount of flexibility and purchasing power. The best online auction sites now offer complete floor plan options from a range of the industry's best automotive finance providers. In addition, there are many different incentives available for online purchases, such as lower interest rates, delayed payment plans, and longer terms for accessing payment.

The vehicle variety online is unparalleled and certainly one that cannot be matched by any single physical auction. With the wide variety of cars available, as well as the numerous service options for getting the car to your doorstep, there are no limits to the benefits online auctions can bring to your dealership.

Chapter 12

Forecasting the Future

"The will to win is worthless if you do not have the will to prepare."

— **Thane Yost**

"Nothing can stop the man with the right mental attitude from achieving his goal; nothing on earth can help the man with the wrong mental attitude."

— **W.W. Ziege**

Forecasts are estimates of future sales and profits based on a review of past performance, analyses of pay and current conditions and projections of sound business judgment. Each dealership contends with ever-changing external conditions. Forecasting helps predict these changes before they occur so that sound courses of action can be planned and management can choose between options rather than guesses. Forecasting does not have to be a complicated process. In its simplest form, a forecast is simply a projection of how you will do this year compared to last year, taking into consideration past and current conditions. Your variables are sales, gross and expenses—if you want a better bottom line, you must either increase sales and gross or decrease expenses or both.

Begin to develop your forecast by considering the last three years as a base and making adjustments based on current conditions. Use the forecasting format provided here and on the following page.

USED VEHICLES RETAILED

• USING THE FORECASTING FORMAT

This forecasting format will give the manager sufficient background information to arrive at some maximum

and minimum estimates for projecting unit sales.

For example, if March is the forecast month, you can assume that this year's March might be like an average March. If March usually is 130% of February you can multiply 130% by what was sold in February this year. If March, on the average is 48% of the past three months you can multiply 48% of the past three month's total sales to arrive at another estimate.

The final forecasts for March should include considerations for other factors such as

- Inventory availability (adequate to meet objective)
- Personnel availability (vacations, illness, new salespeople, etc.)
- Local economic trends
- Weather trends

Another important number to track is the annual used to new sales ratio. By studying this ratio you can determine how used sales will relate to the new-vehicle department's sales estimates.

Finally, comparisons of forecasts will enable you to evaluate your forecasting accuracy monthly.

• **INVENTORY CONTROL**

Perhaps one of the most important aspects of used-vehicle management is inventory control. To control your inventory you must know your market. Many of the exercises that you went through during the first pages of this guide are important to inventory control. When reviewing the sample quick analysis that follows, keep these inventory guidelines in mind:

- Turn your money in 20 days.
- Turn your inventory in 30 days.
- Never keep an individual unit for more than 45 days.

QUICK INVENTORY ANALYSIS

• **OVER-AGED VEHICLES**

Look at the number of cars over 30 days old. Take action on these units now.

- Write down to current wholesale value.
- Set incentives on these units.
- Promote, advertise as specials.
- Wholesale those over 45 days in age immediately.

The following example stresses the importance of wholesaling individual units after 45 days in stock.

Example:

A dealer buys an extremely good used vehicle on which he expects to double his usual gross profit. He averages \$1,000 gross profit per used vehicle. During the first 45 days that the unit is on the lot it is not sold. Knowing that the vehicle will sell for a high gross he holds onto the unit longer than normal. After all, "you can never go wrong with a good used car." On the 90th day he sells the unit for \$2,500 profit more than double his average. Has he proven that you should hold onto a good used vehicle longer than 45 days?

If his average gross per used vehicle is \$1,000 and he turns his vehicles every 30 days, in 90 days the dealer should have realized a total profit of \$3,000 ($\$1,000 \times 3$ units). By tying up money in the "cream puff" for 90 days and grossing only \$2,500, he has lost \$500 of profit.

Chapter 13

Tips for Increased Used Vehicle Department Success

"If we did all the things we were capable of doing, we would literally astound ourselves."

— **Thomas Edison**

"The winner's edge is not in a gifted birth, a high IQ, or in talent. The winner's edge is all in the attitude, not aptitude. Attitude is the criterion for success."

— **Dennis Waitley**

THE USED VEHICLE MANAGER ASSISTANT

If you have a high-volume used-vehicle operation, some consideration should be given to the used-vehicle manager. How can this one person achieve and retain maximum profit opportunities for your dealership when he or she is expected to appraise, buy, recondition, count, control, set budgets, handle advertising, train and manage salespeople, and wholesale units?

A large metropolitan dealer successfully implemented a plan to avoid overburdening his used-vehicle manager. The dealer realized he was asking his used-vehicle manager to be all things to all people all the time. Due to the high volume, the manager didn't have the time to both manage salespeople and handle the wholesaling. The changes in the market and the pressures from the new-car department to bump a trade a couple of dollars caused the manager to spend too much time trying to get the dealer's money out of the used units. The dealer's solution was to utilize a "wholesale manager". The wholesale manager is not an actual dealership employee, but is more of a broker/independent business person. The dealer supplies him with an office, phone and office supplies.

The wholesale manager appraises and wholesales the majority of the non-retail cars. The used car sales manager and the new car sales manager perform these tasks only when the wholesale manager isn't available. The wholesale manager earns 50 percent of any profit he makes, incurs 50 percent of any loss, and earns \$25 per vehicle when he breaks even. The retail used car manager now has the time to bid retail units coming in on trade, properly recondition them and manage the sales team. This system is working smoothly for this dealer. He feels he is on top of all trends and very competitive in his market area.

Chain dealers with separate franchises within a large city or area can also benefit by utilizing a wholesale manager. The wholesale manager can bid the used units for all stores rather than each retail used vehicle manager handling the bidding. The wholesale manager can also coordinate an auction program for wholesalers to bid these units. This auction should be scheduled weekly, on a day that does not conflict with franchised auctions.

Here are some proven marketing and management ideas from successful dealers across the country to help you revitalize your used vehicle operation.

CONTROLLING RECONDITIONING EXPENSE

One dealer was having trouble controlling reconditioning expenses. Separate repair orders were written for various repairs and sometimes the same vehicle would receive duplicate service or the vehicle would be sold, delivered and the commission paid before the last repair bill was processed. He devised the following control system:

- Each used vehicle has an inventory envelope which is filed in a tray by stock number.
- Inside each envelope is the appraisal, a copy of the mileage certification and the registration.
- An internal repair order is then written on all repairs the used vehicle manager desires. The work order number is recorded on the bottom of the envelope.
- This repair order is not closed out when the work is completed. It is given back to the used-vehicle manager who keeps all repair orders in a rack filed by the last digit of the stock number.
- When the used vehicle is sold, the used-vehicle manager totals the work order and puts the copy in the envelope before completing the balance of the envelope pertaining to the deal.

The only exception to the single repair order is body and paint work. Since this is a one-time job, it is closed out at once and a copy put in the envelope.

Duplication of repairs has been eliminated and costs are now controlled by the used-vehicle manager, not the service manager. The dealer often uses the repair order as a closing tool.

One more note... If the salesperson promises the customer something and it was not included in the original transaction, the dealer charges the salesperson 100% of the cost. If the item was in the original figures, he only charges the salesperson 25% of the cost.

ELIMINATING OVER-AGED VEHICLE PROBLEMS

On a daily basis, one dealer increases the dealer cost of each used unit entering inventory by \$100. At the same time, starting with the oldest vehicle in his used vehicle inventory he reduces the cost of a like number of aged vehicles in stock by \$100. He continues to lower the cost on the oldest vehicle each time he adds a vehicle to inventory until the oldest vehicle is sold.

For example, on day one, he adds one used retail unit to inventory, adds \$100 to the cost of the added unit and reduces the cost of the oldest unit in inventory. The oldest unit doesn't sell. The next day he adds another unit to inventory. He adds \$100 to the cost of this second additional unit and again reduces the oldest unit by \$100. In two days, the cost on his books for the oldest unit in inventory has decreased by \$200. The gross for that unit if sold on day two has increased, and the salesperson's commission (assuming the salesperson is paid on a percent of gross) has increased. As the commissionable gross increases, so does the sales staff's interest.

There are several advantages to this system:

- It redistributes the dollars on individual units without changing total value of used vehicle inventory.
- It increases gross per unit as older stock numbers are no longer sold at little or no profit.
- Management controls the deal, not the salesperson.
- The percentage of gross paid to salespeople decreases because additional incentives to move overage units are no longer necessary.
- All used vehicles are shown and overall inventory moves better because salespeople begin to look for older units with high gross potential.

USED VEHICLE INSPECTIONS

Assign a different used car each morning to each salesperson, new and used. Before coffee, or any other activity, the salesperson test drives the vehicle and reports the make, model, year, color, transmission, equipment and mileage (before and after demonstrations). He also records any noticed defects. The result is that in a month's time a new-car salesperson will drive 26 used vehicles and be better prepared to switch the new-car prospect to a used vehicle if necessary.

WORKING WITH WHOLESALERS

Finding a reliable source for good used vehicles is a problem for many dealers. One dealer says that he was able to find 6-8 of the largest independent wholesalers working the blocks just by asking around at the auctions. He made it a point to get personally acquainted. The wholesalers invited him to their get-ready areas. Some have 2-4 full time buyers plus themselves in daily contact with fleet and lease companies and dealerships. After personally going to the get-ready areas every other week, the wholesalers became familiar with his needs and started calling him when the right units came in. The dealer takes his time examining these units in the get-ready areas and can negotiate a price without having to outbid others.

ECONOMY CORNER

Dealers must be constantly aware of any and every profit center available. One potentially profitable area that escapes many is successful marketing of low-priced used cars and trucks.

One dealer reported he rationalized himself into believing he could only sell high-quality, high-priced, used cars, reconditioned to the hilt, because of the image he wanted to maintain. So, he wholesaled virtually all of his low end cars.

He started an economy corner. It started with an informative newspaper campaign explaining that he now sold a line of used cars and trucks, safety inspected, sold as is and shown at fair market value or below. The economy car corner was fenced and a big sign directed traffic to it. Contrary to his treatment of front-line cars, he put a price in very bold numbers on the windshield of each car.

Additional gross profit was generated with very little investment. People who passed him up before, came in. He reports today that twelve units are kept there on the average, and he turns six to eight a month. That figure is expected to rise as the corner becomes more established.

WANT LIST

Keep a want list in the used vehicle department of vehicles which have been requested by customers but which you don't have. Make certain that the service department and new vehicle sales department have copies of the list.

ADVERTISING FOR NEEDED VEHICLES

Several dealers have generated used vehicles sales by advertising for the used vehicles that they need instead of advertising the vehicles that they have. Not only are you able to improve used vehicle profits with fast moving inventory items, you are able to sell replacement vehicles to some of the customers who come in to sell vehicles. When people come to your lot to sell a vehicle without a definite ideas as to the type of replacement vehicle needed, the selling challenge is a great deal easier than when they come to the sales lot with an advertisement in hand and a closed mind.

USED VEHICLE INVENTORY INTEREST

Most dealers are not currently experiencing used car turnover problems. However, if you are, start charging interest on inventory to your used car department the same as you charge for your new car department.

RETAIN DISCONTINUED NEW VEHICLE LITERATURE

STOP! Don't throw away your discontinued new car literature. Your used-vehicle salespeople will be able to use this literature when previously owned vehicles come in for trade. Also, you can ask the competitive make dealers for some of their old literature before they toss it. Product knowledge is one of the most important keys to making a sale.

HAVE SALESPEOPLE INSPECT USED VEHICLES

As a new unit arrives on the lot after it has been reconditioned, have your salespeople drive it and report any deficiencies to the used-vehicle manager. This will familiarize them with the inventory and enable them to sell more units.

The used-vehicle business is an exciting and profitable business. Dealers that aren't successful in it usually haven't made the commitment to make it work. Isn't it time for you to take a closer look at this profit opportunity?

Chapter 14

Turning Around a Lagging Sales Department

“Management is nothing more than motivating other people.”

— **Lee Iacocca**

“Go for a business that any idiot can run - because sooner or later, any idiot probably is going to run it.”

— **Peter Lynch**

You may be stepping into a situation where the sales department you've inherited is producing far below potential? You probably would have liked it a little easier starting out in your new position. But now you have the opportunity to build something with your own hands and make a silk purse out of a sow's ear (I've never had the opportunity to use this cliché!)

A Sales Manager I know inherited a sales team that was ranked dead last in the region. The only producer was an 18-year veteran with the dealership. None of the other nine salespeople had more than one year of sales experience. Obviously, they were performing far below standards. The attitude in the dealership was pitiful. I heard a lot of excuses for poor performance like "lousy economy" and "our prices are too high". But what these salespeople really lacked was a successful role model.

Eighteen months later that dealership had moved up to number five in the region, having posted the biggest increase in sales to date. Perhaps a few of the strategies used will help you improved performance of your salespeople.

Step 1 — DELAY ACTION IN ORDER TO OBSERVE

When you first arrive on the scene of a sales team in distress, don't do anything. Take a few months to understand your dealership's situation, gather information about the salespeople involved, and....

Step 2 — STUDY AND ACCESS YOUR PROBLEM(S)

The main problem was the salespeople didn't believe in themselves. They hadn't yet experienced success, and there was no role model, a salesperson of whom others can say, "there's somebody I can relate to who's successful."

You may be thinking, "Hey, isn't it my role as a Sales Manager to set a leadership example?" And, of course, the answer is "yes." But the example you set for your people is not enough, because many salespeople emulate the actions of their peers. Since many salespeople play "follow the leader," you've got to ask yourself which salespeople do your less experienced salespeople look up to? And, what kind of example are these "leaders" setting? You can get peak performance out of average producers if you can get average producers to emulate the success habits demonstrated by a leading salesperson. Clearly, they needed to find a leader. Fast.

Step 3 — FIND YOUR "BELL COW"

On the ranch, the herd will follow along behind the one cow with a bell around its neck. Many salespeople, especially those with less experience, emulate the example of the team's "bell cow." So, it's important for you to study your team and identify who is the bell cow (informal leader)? Next, what example is your bell cow setting? Does he/she display excellent work habits? Or, does he/she simply sit back and "milk" the best customers? The example of work ethic and attitude that your bell cow displays for the team is, perhaps, even more important than the example you set for the team.

Hopefully, you already have a few players capable of stepping up. If so, talk to them. Help them see the importance of their success example, and ask them to share more of their talents, skills and energy with less experienced salespeople.

Unfortunately, they had no one on board capable of assuming the bell cow role, so he had to hire one. He knew that his next hire could play an important role in reversing the downward performance trend.

He had his new leader when he hired Bill. He told Bill, "if you stick with me, do exactly as I teach you to do, you will be very successful." Bill knew that he was counting on him, and he didn't let me down. In his fourth month, he produced 20 sales. Overnight, the attitude in the department changed from one of making excuses for poor performance to "what's that Bill guy doing?" Bill's performance forced others to take a good, hard look in the mirror. That's the day when when his followers finally accepted responsibility for their poor performance.

Step 4 — DON'T TOLERATE MEDIOCRE SALES PERFORMANCE

You've got to stand firm — you won't tolerate mediocre sales performance. Far too often, poorly performing salespeople are allowed to continue their lackluster ways, acting like a dead weight on the rest of the team.

There are several reasons why Sales Managers hang on too long to poor performers. A Manager may not want to face the hassle of recruiting a replacement, or, the Manager may not have the time to recruit. This is a big mistake. The successful Sales Manager doesn't hesitate to "pull the trigger" when necessary. There's an old saying: "there's only one thing worse than a salesperson that quits and leaves — and that's a salesperson that quits and stays". You can talk all you want about minimum acceptable performance, but the fact is that your minimum acceptable performance standard is walking around in your sales department right now. Your lowest producer is you minimum acceptable standard.

Your objective is to escort low producers to "the intersection of choice." By that, I mean poor performers must make a decision themselves to either:

- a) recommit themselves to engage in the behaviors and activities necessary for success, or
- b) leave the dealership immediately.

The key question is this: if you knew then what you know now, is there anybody on your team you would not have hired? If so, get "hands-on" and escort that individual to his or her intersection of choice.

Step 5 — INSTALL PERFORMANCE STANDARDS

Install performance standards. You've got to communicate your expectations. So raise the BAR on everybody with standards that consist of Behavior, Activity and Results. A behavior standard, for example, could be to arrive in the dealership every morning before 9 a.m. An activity standard could be to make a minimum of 15 follow-up calls every day. A result standard could be that a salesperson with seven to nine months sales experience must sell a

minimum of 12 vehicles per month. On results standards, I recommend you set two standards. One, a lower "keep your job" standard. Salespeople who fall below the minimum standard for a three-month period are placed on probation. If sales don't pick up in the next quarter, that person must be "dehired." Another standard performance, is of course, a higher sales quota.

Step 6 — DEHIRE THOSE BELOW MINIMUM STANDARDS

Dehire those below minimum standards. Your salespeople will be wondering, "do you really mean it?" The first person you dehire will send a loud and clear message — performance standards will be enforced. If you don't enforce them, your standards are meaningless.

Step 7 — DON'T SPEND ALL YOUR TIME WITH SALESPEOPLE WHO NEED THE MOST

One of the biggest mistakes Sales Managers make is to spend all their time with the low producers. But, when you think about it, if you increase their productivity by 20%, so what? Far better to spend your time with the people most capable of translating your coaching efforts into significant sales results. To identify who you should spend your time with.....

Conduct a "triage" A trauma center is set up to save the most lives possible, in the event of a disaster. That's why they quickly assess the wounded and segment them into three groups:

- A. Those who will survive, regardless without immediate medical attention.
- B. Those who will die even if they receive immediate medical attention.
- C. And those who will live if they get attention, but will die if they don't.

If you've got limited time to coach, you want to spend your efforts on group C. Here's the rule: spend one-on-one time with your C players, group time with B players, and praise and recognize your A players.

Step 8 — CULTIVATE A BETTER QUALITY OF LIFE

Cultivate a better "Quality of Life." Have more fun. Institute a series of contests that get everybody focused on department goals. For example, if your department hits the goal, salespeople who achieved their individual standards earned a round of golf with the others. The result: average sales per salesperson could double, and turnover could be reduced.

Step 9 — KNOW WHAT EACH SALESPERSON WANTS

Know what each salesperson wants. Every person has his or her own personal motivators. Your job is to find out what they are and help the salesperson toward achievement. Sit down

with each salesperson one-on-one. Try to learn something about each of them: what are their goals with your dealership and beyond? What is their past like? How can you help them be, have, and do more? For example, one salesperson wanted to buy a house, while another wanted to play the top 10 golf courses in the world. Two very different goals, but both could be achieved faster by the salesperson exceeding quota.

Chapter 15

To Desk, or Not to Desk

“The leadership instinct you are born with is the backbone. You develop the funny bone and the wishbone that go with it.”

— **Elaine Agather**

“The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint to keep from meddling with them while they do it.”

— **Theodore Roosevelt**

As a Sales Manager, you are responsible for the sales and gross profit in your department. Though some Sales Managers take whatever the month has to give and are satisfied with that, the true professional Sales Manager knows that the sales department is his/her responsibility, and the monthly goals that have been set need to be met.

Now, I'm not naive enough to understand that there are many factors beyond a Sales Managers control that can effect your goals. And that these factors, like the economy, time of year, lack of rebates or interest rates, low inventories, can determine the outcome of whether these goals are being met. You will find that the more experienced you are as a Sales Manager at the same dealership, the easier it will be to predict some of these factors, and set your goals more realistically for those periods. With that being said, let's talk about sales and gross profit.

Simply put, sales and profit come from one thing and one thing only, closing deals. The more deals you close, the more sales you make. The more experienced the closer, the higher grosses. You'll find there are two basic ways a deal will be managed:

- The salesperson works the deal from start to finish without management involvement.
- The Sales Manager desks the deal with the salesperson being the liaison.

Let's take a look at the positives and negatives of each.

SALESPERSON WORKS THE DEAL

Dealerships who allow the salesperson to take control of the deal from start to finish without management involvement hopefully have an experienced, successful staff. When there's no management involvement other than to sign the finished deal, salespeople need to be trained to work to attain higher grosses. Even in experienced dealerships, new hires who have not been in sales very long should still use the Sales Manager to help close deals until they are experienced enough to close on their own.

The positives of a salesperson working the deal are:

- **There is more trust being built with one salesperson**
Since the customer will only be dealing with one salesperson, and this salesperson has the power to make the deal, negotiations could go a little smoother as compared to the salesperson just providing figures by someone they never get to see.
- **The time the customer is in the dealership could be less**
Since the salesperson doesn't have to make repeated trips to the Sales Manager's desk, the time it takes can be shortened dramatically.
- **No time away from the customer**
With a desking system, every time the salesperson leaves the customer, the momentum of the sale is lost, and the salesperson never knows what the customers are talking about while he visits the Sales Manager. Plus the anticipation grows for the customer which can cause a negative effect.

Now, the way you can monitor this situation is by having a log system or computerized CRM program where the salespeople need to log all of their prospects, telephone ups and customers. This way you can look at it each day to see what business took place. The problem with both systems is relying on the salespeople to honestly log all of their prospects who didn't buy from them, or their telephone ups who they didn't set appointments for.

The negatives of a salesperson working the deal are:

- **It's easier to shortcut the whole sales process**

Since the salesperson doesn't have to desk a deal, he/she could conceivably shortcut the whole sales process and the Sales Manager would never really know. This situation would be monitored by using a desking system.

- **It's easier to take a short deal**

If the customer makes a low offer, it's easier for the salesperson to take the low offer without even trying to make more gross profit, feeling like he'll just get the sale towards his quota, and try making the gross on the next deal. This wouldn't happen as quickly with a desking system.

I'm not against salespeople working deals on their own as long as the Sales Manager is confident that they will achieve the same results as if the Sales Manager intervenes.

DESKING THE DEAL

In my experience, it's a proven fact the desking deals makes more gross profit for the typical salesperson and the dealership. As a Sales Manager myself, I found that when I had control over the process, my salespeople's commissions increased dramatically. So I guess I've become a big fan of desking.

If you're not quite familiar with desking, here's a short explanation. When a salesperson writes up a worksheet, he then takes the deal to the Sales Manager with information like price of the vehicle, trade-in value, leasing or buying, down payment and the monthly payment the customer desires. The Sales Manager will then put together an offer that is close to what the customer is wanting, or an offer based on what the dealership would like to make on that particular vehicle, and write it on the worksheet. The salesperson then takes that information to the customer. If the customer likes the offer, great, a deal is made. If the customer doesn't like the offer, a counter-offer is made and taken back to the Sales Manager. This process will go back and forth between the Sales Manager and the customer until a decision is made to purchase, or reject the deal.

The positives of using a desking system are:

- **The Sales Manager has control of the salesperson's activities**

When the salesperson submits a worksheet, the Sales Manager can question the salesperson on the entire sales process; did he do an outstanding greeting, did he qualify the customer, did he take a demo ride with the customer, etc. This way, even though the Sales Manager isn't directly involved with the customer, he/she can at least get an accurate picture of the situation.

- **It's not as easy for the salesperson to take a low offer**

Even if the salesperson comes to the desk with a deposit for a low offer, it may be the Sales Manager's job to send the salesperson back to ask for more. This situation is hard for the salesperson since they know that they can get the sale right now without any further negotiation. But it's the job of the Sales Manager to teach this basic negotiating concept — if they'll sign one offer, they'll sign another one. Many times the salesperson is more willing to fight the Sales Manager, then go back and negotiate with the customer.

- **The Sales Manager can tell the salesperson what to say**

This is valuable when you have inexperienced salespeople. When you send the salesperson back with the offer, you can use this time as a training situation where you give the salesperson the verbiage you want him to use.

- **There is more opportunity for a TO (salesperson turns over the customer to the Sales Manager)**

Since the salesperson will need to tell the Sales Manager if the deal is temporarily dead, the Sales Manager can meet the customer and make one final offer. This has closed many deals since the last word will be coming directly from the boss.

I found that the best way to desk a deal is to have your salespeople tell you how to structure it. Since the salesperson has been with the customer for the entire time, he/she knows the customer better than you do. By having the salesperson tell you how to structure the deal, they will believe it and be more confident to take it back to the customer. If you feel their structure was too low, you can always increase it.

Whether you allow your salespeople to control the process or you desk the deals, you need to make sure your salespeople are thoroughly trained in negotiating with a customer. You'll find that most salespeople will study their product knowledge, but they will never study effective negotiating and closing techniques. As the Sales Manager, this is your responsibility to make sure your salespeople are thoroughly trained.

Chapter 16

Phone-Ups — The Sales You're Missing

"If it's a good idea, go ahead and do it. It is much easier to apologize than it is to get permission."

— Admiral Grace Hopper

"The final test of a leader is that he leaves behind him in other men the conviction and the will to carry on. . . . The genius of a good leader is to leave behind him a situation which common sense, without the grace of genius, can deal with successfully."

— Walter Lippmann

Everyone knows that in most dealerships, phone-ups are the least productive area in the whole sales department. There are several reasons for this:

- Salespeople hate the phones
- Salespeople are not trained to handle phone-ups
- Phone-ups are not monitored

• SALESPEOPLE HATE THE PHONE

Virtually every dealer hates to sit in his/her office and hear that phone continuously ringing without any salesperson answering the call. The receptionist will keep repeating, "Sales call line 1" and no one will pick up the phone. I have walked through dealerships and seen salespeople leaning against a vehicle talking, salespeople doing some paperwork, and salespeople reading the paper, and yet no one will pick up the sales call.

And if they should happen to pick up the phone, most of them are very courteous and will provide the prospect with whatever information they need, but will seldom ask for an appointment. I've listened to mystery shop tapes of some of the finest income earners that fail miserably on the phone. And here's the reason why.

Salespeople do their best work face-to-face. They feel more comfortable with a person sitting on the other side of the desk than they do on the other end of the phone. Many of them will only pick up the phone because the more they hear it ring, the faster the dealer will be out on the floor reprimanding them for their laziness.

Salespeople do not realize that phone-ups are big business. A person calling on the phone is not calling to just waste their time. They are busy and do not have time to jump from store to store looking for a vehicle. They need to gather information before they come in so as to utilize their time productively. More importantly, they are looking for a salesperson who is willing to do business the way they need it done, not the way the salesperson wants to do it. Once they find that salesperson, they will be willing to do business.

Here is a typical phone-up presentation, see if this doesn't sound familiar:

Salesperson: New vehicle sales, this is Mike (if they even give their name)

Prospect: Yes Mike, I'm calling to see if you have an x-vehicles on your lot?

Salesperson: Yeah, we've got plenty of them, all pretty well loaded.

Prospect: What are those normally going for?

Salesperson: Anywhere between \$20,000 and \$25,000 depending on they type of packages you get?

Prospect: Do you have any special finance rates going on?

Salesperson: Yeah, we've got a Finance Manager that knows all the best rates, and depending on your credit, he can probably get you taken care of.

Prospect: What are your hours?

Salesperson: We're open Monday through Friday till 9 and Saturday till 4.

Prospect: Ok, thanks for all your help.

Salesperson: No problem, when you decide to come in will you do me a favor and ask for Mike?

Prospect: Sure.

Now, I know that you probably have salespeople who do a better job than this. But really, doesn't this sound typical? The dealership spends thousands of dollars in advertising just to get these prospects to call in, and dealerships allow their salespeople to handle the calls however they want. This doesn't sound very profitable to me. And I'm sure you can see why I say it's the least profitable area in the sales department.

- **SALESPEOPLE ARE NOT TRAINED TO HANDLE PHONE-UPS**

The two areas that salespeople get trained on the least are closing sales and handling phone-ups, the two biggest profit areas in the sales process. The only time the dealership makes money is when a sale is closed, and when an appointment is made from a phone-up, and

the appointment is closed. Salespeople need to be trained effectively to manage these basic concepts.

Taking a phone-up is a privilege, not a right. If salespeople don't handle phone-ups properly they shouldn't be allowed to take them until they learn how to do them right. The problem with training is that unless the training is continuous, and they are made to become accountable for results, the training will not work. Just having an outside consultant come in once a month to provide some training is just a band-aid. The Sales Manager needs to take the time and work with each salesperson to increase their results.

Phone-ups need to be run like a separate business aside from showroom sales. So goals should be set and statistics kept for all salespeople regarding the following:

- phone-ups taken
- appointments made
- sales made

Determine closing ratios for each so you can see how productive your salespeople are. This way you can determine who is benefitting from your training and producing maximum results.

• **PHONE-UPS ARE NOT MONITORED**

I can go into virtually any dealership and ask the Sales Manager, how many phone-ups did you get last month, how many appointments were made, and how many sales from those appointments, and chances are he/she wouldn't know.

I'm all for having an open phone-up floor. But I also want to make sure that every phone-up is handled properly. Here's the easiest way to monitor every phone-up that comes into the sales department.

Place a form next to the receptionist with a time, customer name and salesperson name columns. When a customer calls the dealership and asks for new or used vehicle sales, here's what should happen:

Receptionist: ABC Motors, how can I direct your call?

Customer: New car sales please?

Receptionist: I'll be more than happy to connect you. Can I get your name please?

Customer: Yes, my name is Mike Whitty

Receptionist: Thank you Mr. Whitty, please hold for your salesperson.

The receptionist writes the time and customer name on the form, goes on the public address system and says, "New car sales, call the operator." The first salesperson that calls the operator has his/her name written next to the customer, and the receptionist gives the salesperson the customer's name.

Now the salesperson can answer the call, "Hi Mr. Whitty, this is John. How can I help you today?" What a wonderful way to be greeted. This process happens to me when I'm staying in a hotel and ordering room service. The attendant answers the phone, "Hi Mr. Whitty, what can we get you today?" And it never ceases to impress me how they knew my name, even though I know they have caller ID. When the salesperson can address the caller by their name, that can build instant rapport.

So that's part one of increasing phone-up sales. Part two is the Sales Manager will pick up that phone list every morning and go over the previous days calls with each salesperson in a 15 minute sales meeting. I think dealerships should have these 15 minute sales meetings every day to discuss the previous days business. Why wait until Monday morning when a whole week will go by. The sooner the better. This process will definitely make your phone-up business more productive and profitable.

If you can't convince the Office Manager to let the receptionist be responsible for the phone-up list, which I definitely believe is Plan A, the other less productive alternative is a phone-up file box with two-part carbonless forms. Every salesperson who takes a phone-up would be responsible to fill out a form. One copy would stay with them and one copy goes to the Sales Manager. The problem with this system is salespeople could only fill out a form for calls they received information from, and not fill out forms for everyone. And you really wouldn't have an exact count of every call that came in.

Whichever system you choose, keep in mind that running your phone-ups like a business will definitely increase your sales and profits for your department.

Chapter 17

Advertising, Marketing and Sales Events

“The buck stops with me, but I can tick off dozens of very good senior executives that are responsible for hundreds or thousands of people who work for me.”

— **Rupert Murdoch**

“If the boss is a jerk, get over it. First of all, don’t you think there’s a good chance that your boss’s boss knows what’s going on? If so, just keep your head down and do the work. Usually, if you put in maximum effort and produce excellent results, someone in the company is going to take notice. Either you will get promoted or your jerky boss will get the heave-ho. It happens all the time.”

— **Suze Orman**

¹ It is taking more and more money to accomplish what a smaller budget once did. Why? One word — fragmentation. The advertising world is more fragmented than it has ever been. There is more new media and eyes and ears are looking and listening in more places than ever before.

So how do you make your dealership stand out? The rules are still the same when it comes to advertising. You need to have enough exposure to stand out. You need to be different, and you still need to make sure you have a “call to action” in your messages. However, you cannot be spread out all over the map in too many different places. More than ever, you must find a medium where you can stand out from the crowd.

Unless you are a mega dealer with loads of money to throw into your media, you need to be selective. Choose a medium where you can be larger than other advertisers. If you can’t find a medium where you can accomplish this, find a station or paper where you can be dominant. Often times, a newspaper, radio, or TV station will give you a better rate if you let them know they are getting the lion’s share of your budget. When you maximize your efficiency on one particular media

*¹ Excerpted from Tom Letizia of
Letizia Ad Team-Automotive Marketing Division*

outlet, you will stand out to those people watching, listening, or reading that particular station or paper.

Frequently dealerships will buy certain shows on TV—for example, CSI on cable, The Today Show on network, or sports on network or cable. To the consumers watching those particular shows, you will be dominant. The same goes for radio. Buy one or two stations, but make sure you have enough frequency on those stations to stand out. It is the same for the paper too — be there in the same place, and be there often.

From a creative standpoint, the key is to be different. Do not copy your competition; create your own niche. Tell your own story. Create catchy phrases, strong jingles, use unique spokespeople — do something no one else is doing. Most dealers all look the same!

If you keep doing the same thing and your results are decreasing, don't you think it is about time to make a change? Advertising still sells cars and will continue to work. However, you need to get better at understanding this complicated industry. Hire a professional to guide you along the way.

Other than your payroll, advertising is at the top of the list on your monthly statement. Therefore, start making a difference in your advertising in this tough car market and you will reap the benefits.

² Every dealer must go through this process every month. How much should I spend in advertising? If I overspend I will be looking at a bad statement at the end of the month, but if I under spend I take the risk of missing selling opportunities. How do I budget intelligently?

Estimate how many cars you project to sell. Base this number on:

- Inventory
- Last year's sales
- Market conditions
- Projected sales
- Advertising investment you are willing to make per car

Allocate a dollar number for each new projected car sale. NADA's Auto Exec Magazine publishes a monthly list of sales trends. Under the advertising expense column for the typical dealership, the average for advertising through 2006 was running at 1.08 percent of total sales, or \$538 per new vehicle, up 6.7 percent from 2005. Simply put, dealers need to spend more today to sell cars. Therefore, you need to rethink how you approach your advertising budget.

*² Excerpted from Tom Letizia of
Letizia Ad Team-Automotive Marketing Division*

For practical purposes, let's say you stay with this formula and want to sell 100 new cars. That means you would need to spend \$53,800. Now I must tell you, successful dealers are spending more than this in many markets. It is the cost of doing business under current conditions.

Once you pick a number, determine your strongest medium. Is it TV, direct mail, radio, newspaper, or Internet? What will it take for you to do the very best job with your number one media outlet? Let's say it is newspaper; how many ads can you buy per week in your local paper? When you have reached a point of saturation in your number one media, you are ready to look at your number two media. Assuming that media is television, you need to do an analysis on what kind of reach and frequency you will achieve. Reach is the percent of your desired demographic, and frequency is the amount of times you will reach the average person in that demographic. If you don't have at least a three frequency, save your money and look at a less expensive medium, like radio. Or perhaps, do a mailer. Do not under spend in a media and then not have enough advertising to be effective. If you cannot afford to do it right, don't do it. Consider doing more advertising in your number one media.

A good advertising budget is what is good for your store. What may be good for one dealer will not make sense to another. Fluctuate your budget from month to month with seasonal adjustments. When you buy in to the fact that a strong advertising campaign will "move the needle" and sell more cars for your store, you will continue to grow your business. Dealers that look at advertising as an expense and not a selling tool are dealers that are looking at the glass half empty, rather than half full. Spend aggressively but spend smart in 2007 and you will see that selling cars becomes contagious. The more you sell, the more you sell.

³ Creating an effective advertisement is one thing, doing so without catching the eyes of regulators is a completely different challenge. The key is to be able to substantiate all claims offered, and to clearly disclose all terms. Industry insider provides some additional tips to creating a killer and compliant ad.

Advertising is one area in which dealers continue to get into hot water. Every dealer wants a competitive edge in the market, but offering unrealistic deals to attract customers can cause extensive monetary and legal troubles for a dealership. The key to effective advertising is to know your customers, and to offer realistic but tempting deals to get them onto your lot.

The things that worked in advertising 50 years ago continue to work today. Despite the changing of times and the onset of technology, people still react the same way to effective advertising. And with so few well-done dealer ads out there, an effective one will really stand out.

³ Excerpted from Tom Hearld, Benjamin Hearld Associates

- **CREATING THE RIGHT IMAGE**

When writing any type of advertisement, keep in mind two things:

1. Most people don't make a buying decision based on logic; they buy based on their emotions.
2. People don't want to feel like they're being coerced or pushed into anything; they want to feel like they arrived at a buying decision completely of their own free will. The second consideration is more difficult to accomplish than it sounds. There's a very fine line between making customers believe they came to a decision on their own versus making them feel pressured to make a purchase. To achieve successful sales, you must learn that distinction and master the art of vehicle selection and re selection.

What you're doing with advertisements is creating an image that is desirable to consumers. Remember, a vehicle says a lot about a personality. Even though people need reliable transportation, they want image. Looking good and feeling good are important emotional draws when writing effective sales material in the car business.

- **USING THE RIGHT FORMULA**

Writing an effective advertisement is actually quite simple. If you consistently apply the basic fundamentals outlined here, you will see your traffic count rise and hear your phone ring more often.

To be successful, write every single ad using the AIDA formula (Attention, Interest, Desire and Action):

ATTENTION

The very first thing your ad must do is get your prospects' attention. The best way to achieve that is with an effective headline that answers the question: "What's in it for me?" That's all your prospects really care about.

What makes the title of this article an effective headline? First of all, I answered the "What's in it for me?" question. Secondly, the headline made you read this article. And that is the whole point! You want your prospects to read your ads.

- **INTEREST**

After you get your prospects' attention, you want to get them interested in your dealership, your vehicles and your sales program. You do that by immediately telling them what your headline promises. Don't waste their time with a bunch of fluff and garbage. Get to the point! Tell them what they want to know, starting with the very first word. If you keep them interested, they'll keep reading and start building a desire to learn more about you.

Be careful to stay away from the gimmick perception. You can do this by using simple parameters that let the prospects qualify themselves. This will bring credibility to your offer. If you claim that everyone qualifies for a loan, regardless of their credit, it will come across as a gimmick and not believable. Too many car dealers overpromise and under deliver.

- **DESIRE**

You have to make your prospects desire more information about your dealership and want your vehicles. The way to do that is with benefits. It's all about image. Now that doesn't mean listing options like power windows, power locks, tilt and cruise control. Those features don't mean a thing to the customer and do not build desire. Instead, use powerful image words to describe the vehicles, such as "cobalt blue clearcoat finish" instead of "dark blue." Describe the image of the driver instead of the options. For example, use "perfect for today's busy family" for a mini-van, or "slide into the cockpit of this incredible machine, built for performance" for a sports car.

The No. 1 fear for customers who buy vehicles is getting a bad deal. Realize this and do everything you can to build value in your image and reputation. This alleviates fear and increases desire. Remember to keep telling them what your headline promised and push their emotional hot buttons. Let them imagine what they stand to lose if they don't purchase. Use emotional impact words or power words, such as "new," "save," "amazing," "free," "guaranteed," "security," "no-risk," "look younger," "feel better," "absolutely," "just in," and "enormous."

- **ACTION**

You want to close your ad with a call to action. In other words, ask customers to do something like "Call Today," "Visit our Website," "Apply now for your instant approval," or "Don't waste another minute!"

Follow this formula faithfully and it will not let you down.

The fuel that ignites an effective ad is the message contained in it. This message must get through to your prospects. Effective ads capture a prospect's attention among the competition and create a desire for your product that leads prospects to act and become new customers.

THE 1% RULE OF AUTOMOTIVE ADVERTISING

There's an old saying in the advertising business: "Half the money you spend on advertising is wasted, the trouble is figuring out which half."

That's depressing enough, but the truth is that on any given weekend less than 1% of the people in your city are in the market for a new or used car. 16 million new cars are sold every year in the U.S. plus another 15-20 million used cars. Dividing that by 260 million total population and dividing that by 12 months per year gives you approximately 1% of the population including children! That means 99% of the population has almost no interest in listening to your radio spot or watching your latest TV ad. 99% of the population will never notice your print ad because they have no reason to go looking through all the car ads in the classified section.

That's the bad news.

The good news is that the 1% who are in the market will pay close attention to everything you say, will actually seek out your ads with their checkbooks in hand trying to figure out exactly how much car they can afford. These are the people you should target with your advertising.

Limiting your advertising to this elusive 1% of the market affects both where you advertise (The Media) and how you advertise (The Message). Every media rep in town can quote you ratings and Demographics. But the age, income and gender of their audience isn't the most important factor for automotive marketing. Where they are on the buying decision time line is the most important factor in you getting a decent return on your investment.

That's why the newspaper is such a valuable tool for car dealers. Yes, newspaper readership and subscription rates are declining. But, What do you care if people are reading the comic section everyday? The newspaper is still the media of choice for the 1% of the population who are actively in the market for a new or used vehicle. They are at the very end of the buying decision time line and you need to make sure your advertising is reaching them.

Once people make the conscious decision to start shopping or even the unconscious decision to start looking around, generally the first thing they do is pick up the Saturday paper, the one with all the car ads in it. Car ads are a magnet for car shoppers. That makes

the weekend paper a giant catalog for car shoppers, but I've actually had dealers tell me in the past that they avoided the weekend papers because of all the other dealers "cluttering" up the auto section. That's exactly why you should be in there, with the biggest, brightest and boldest ad you can afford.

Radio and TV are a little more difficult for pinpointing your 1% target. They're both mass media designed to reach the broadest market possible. This is where the HOW part of the equation comes in. Since you can't aim your MEDIA at the 1% target, aim your MESSAGE.

One way to do this is start your commercials with a statement designed specifically to attract the attention of those people who are actively shopping for a vehicle.

"IF YOU'RE IN THE MARKET FOR A NEW CAR, TRUCK OR VAN..."

"IF YOU THOUGHT YOU COULDN'T AFFORD A NEW CAR..."

"NEED A NEW CAR, BUT THOUGHT YOU COULDN'T QUALIFY FOR A LOAN..."

And once you have their attention you have to motivate them to take action. Just getting your name out there isn't enough. You have to give them a good credible reason why they should get up off their couch and drive to your store TODAY!

Advertising to build a brand name and advertising to create immediate retail sales are vastly different undertakings. For instance, some marketing people will tell you that you shouldn't have a big sale going all the time. "Look at Wal-Mart," they say. "They're the number one retailer in the world because of every day low prices. They're not having some big sale every time you turn around" Well that's true. EVERY DAY low prices works for Wal-Mart because people buy what Wal-Mart sells EVERY DAY. Their customers don't have time to look around and research the best deal every time they buy a new tube of toothpaste or pack of underwear. And they're probably not going to get excited and drive to the store because they think they can save \$5 on a pair of jeans.

But people, at best, buy a new car every two or three years. The one person out of a hundred who is seriously looking to buy a car right now, doesn't want LOW prices EVERY day, he or she wants the BEST price, TODAY! And they will get excited if they think you can cut their monthly payment by a hundred bucks.

If your target market is basically everybody, you can afford to do nice, polite genteel advertising. If you're only advertising to 1% of the population, you've got to pump up the volume. If 99% of your friends and coworkers complain that your advertising is loud, obnoxious and over the top ...WHO CARES? What's important is that the ad is exciting enough, dramatic enough and aggressive enough to get the attention of that one person out of a hundred who needs to see it and motivate them to take action.

⁴ HOW MANAGED SALES EVENTS CAN INCREASE SALES AND PROFITS

Imagine selling more cars in one to four days than you would in one month. Well, for an increasing number of dealers who participate in managed sales events or performance-based sales events, this is the potential pot of gold lurking at the end of the rainbow. With modest sales growth projected this year by industry analysts, and a marketplace that remains as competitive as ever, both franchised and independent dealers are paying more attention to sales events as a way to either boost sagging sales, reduce wholesale losses, or to maintain market share. Whether your dealership chooses to stage a super sales event on your own lot using your own sales staff, or hire a staffed sales event company that comes complete with their own sales and management professionals, the goal remains the same: sell as many cars at the highest gross possible. And, provided the right ingredients are available, such as effective pre-event advertising, a good inventory mix, competent sales people, and favorable weather, the result can be substantial gross profits for the dealer (and a healthy boost in CSI!).

There are many success stories from dealers all across the country that have experienced proven and consistent success with managed sales events—some even prospering in the rain and snow. Karl Malone Toyota located in Utah held a four-day event in March 2004 staged by AcquisitionSale.com/Preferred Dealer Services, Inc., one of the industry pioneers and specialists of the staffed event concept. During the four-day event, of which three days were effected by rain and snow, PDS, Inc. and their team sold 140 units for a total gross profit of \$450,000! Not bad. However, not all dealers end up with such favorable results. In fact, many have been burned either by the weather (uncontrollable), or a sales event company that failed to deliver or broke promises tainting their dealership's good name.

Greg Donahue, president of Kissimmee, Florida-based Automotive Sales, Advertising & Personnel, Inc. (ASAP), suggests dealers do their homework. "Talk to the owners of the company and ensure that they are on board and dedicated to your success," he says. "If at all possible, check to see if they are affiliated with any local business organizations, particularly the Better Business Bureau, and check their credit rating." Whatever the reason, there are a host of legitimate and proven sales event companies offering everything from do-it-yourself promotions to performance-based events that come complete with professional sales and management teams.

Dealers who prefer to have an outside company do the leg work, and assume the responsibility of co-coordinating the logistical details (especially with off-site sales) and financial risk, should consider hiring a sales event company that is compensated on the basis of sales performance, and one that offers a money-back guarantee. Why performance-based? Traditionally, dealers who have put on a sales event, whether at their own lot or off-site, incur all

⁴ Excerpted from www.dealermark.com

of the advertising expense to promote the event, assume the potential legal pitfalls of off-site sales (permits, applications, and sub-contractors), and hope (with baited breath) that their event will be overrun with buyers and they'll gross a ton. The reality: sometimes it works; sometimes it's a nightmare that damages profits and, potentially, the dealership's standing in the marketplace. For those dealers who want to sell cars in a carnival-type atmosphere, with most of the planning executed for them, performance-based sale events may well be the answer.

HERE'S HOW IT WORKS

Dealers are still expected to make the upfront investment, but it is secured with a guarantee from the sales event company that they will generate a pre-determined amount of gross profit. Each sales company has their own guarantees, but dealers can expect to gross anywhere from \$75,000 to \$450,000 for a four-day sale, with an industry average of \$100,000 for a four-day, managed event considered acceptable and obtainable. Generally, if after the event, gross profit (often includes both front and back end) falls to around \$50-75,000, the performance-based company will refund the full advertising cost to the dealer. It is commonly accepted that most dealers should expect to invest between \$10,000 up to \$75,000, depending on budget and the event theme. The event company generally provides the selling power by bringing in their own proven sales teams and management. However, some companies view the dealers' own sales teams as a valuable tool to the overall success of the event, and will work side by side to achieve maximum profits. Mark and Ann Proctor, nationally recognized dealers with 25 years experience and principals of AcquisitionSale.com/PDS, Inc. are firm believers in providing the highest quality sales and management teams available. "We'll work with the dealers' own salespeople and management team, and teach them how to maximize profit and CSI in a non-confrontational selling environment," says Mark Proctor. "We've operated some of the most profitable and highest CSI/QCP stores in the nation. We build dealerships."

Before the event, both the dealer and event company agree to a level of compensation provided minimum gross profits are achieved, with the industry standard being approximately 25-30 percent of the total gross profits after the sale going to the event company. And, the numbers can be appealing for dealers: Should an event generate \$100,000 over four days (less the 30 percent fee, or \$30,000), the dealer is left with \$70,000, which is often more revenue than would normally be achieved in a month. "In addition to facilitating hundreds of customers to the event, and placing the dealership's name and brand in front of thousands of prospects, staffed sales events turn aged inventory into profit that otherwise would be a wholesale loss," adds Proctor.

PROMOTING THE EVENT

After deciding the theme and location of the event, auto dealers with the assistance of an event company should plan how to promote the event using a combination of advertising mediums, such as direct mail, TV, radio, and inserts to attract in-market buyers. It is also considered prudent for dealers to contact their existing customer base, in addition to new prospects, in order to make them aware of the sale. According to Tim Sethna, president of the North American Automotive Sales Events, Inc. (NAASE), one of the nations' premier sales event companies for the past seven years, two of the most effective advertising mediums is direct mail and inserts. "The best way to use your existing advertising budget is to use a combination of direct mail and also short radio commercials, just before the sale," explains Sethna. His company specializes in The Big Sale, which starts on a Wednesday and ends on a Monday guaranteeing at least \$75,000 in gross profit provided the dealer has at least 75 clean front line ready pre-owned units. If dealers have 100 pre-owned units, NAASE guarantees \$100,000. Sethna and his team pay close attention to helping dealers prepare for the sale by ensuring the dealerships showroom is set up with tables for customer registration, including decorations such as balloons and flyers on each table and showroom windows. "Our teams are not the usual green peas, but rather true, hard working, and experienced car people who are aggressive, and know how to get the job done," says Sethna. "We have the nation's most top qualified desk men, the strongest closers, and the most talented salespeople that you will ever work with." He also believes the ideal mix of inventory for sales events is pre-owned vehicles with model year 2002 and newer. "Your upfront advertising commitment will always be the same," Sethna says. "If we don't hit our numbers, the advertising money is returned." He adds that, provided the event company executes the advertising strategy, dealers shouldn't need additional advertising dollars.

CREATING A CARNIVAL-TYPE ATMOSPHERE

Provided the pulling power of pre-event advertising has worked by enticing hundreds of ups to the event, one of the keys to helping ensure a successful sale is offering a fun incentive, or hook. While popcorn, hotdogs, and soda may satisfy the hungry few, holding their attention while waiting for a test drive or in line at the F&I desk may require a different approach. Increasing numbers of dealers are turning to insured prize contests to meet that need. Giant prize contests such as giant cash back bonus, or having an opportunity to win a brand new car using a lucky key or remote promotion can enhance your direct mail and advertising efforts, offering dealers a compelling hook. Insured prize contests such as hole-in-one contests are an inexpensive way to boost traffic while removing the risk to dealers of having a participant hit the jackpot. According to Amy Fanter of Reno-based Odds On Promotions, dealers pay a small premium to an insurance company based on a number of different factors, such as length of the hole, value of the vehicle, and the number of event participants. If a participant aces the target hole or wins the car, the insurance company pays for the prize.

“With the latest promotional technology, such as bar-code coupons and touch screen games, customers can scan or play a game to win anything dealers want to offer,” says Fanter.

Whether your dealership chooses an on- or off-site sale, or hires a performance-based event company, Mark Proctor of AcquisitionSale.com/PDS, Inc. best sums it up: “All things being equal, a dealership will sell X number of cars primarily based on four things: inventory, advertising, personnel, and market conditions. The question is, how much profit will you make and how much will you keep?”

Chapter 18

Don't Forget the Internet

“Our mission statement about treating people with respect and dignity is not just words but a creed we live by every day. You can't expect your employees to exceed the expectations of your customers if you don't exceed the employees' expectations of management.”

— **Howard Schultz**

“Hiring people is an art, not a science, and resumes can't tell you whether someone will fit into a company's culture. When you realize you've made a mistake, you need to cut your losses and move on.”

— **Howard Schultz**

If you're just using the Internet as an adjunct to the sales department, you may be losing out on a great opportunity for increased sales. Though this section won't give you a complete course on developing an Internet department, it will at least start you thinking of taking that first step.

Do you have a business plan for your internet department? I would venture to say that you don't. Without a plan, how can you ever tell if you're succeeding if you don't know what you are measuring against?

The way most dealerships run their internet departments would be like a football team that randomly assigns players to their positions, rarely hold practices or meetings, has a team where no one knows the rules and have no playbook to study, has no coach, their equipment is old, and the front office doesn't spend a dime to market the team. This team will probably make very few touchdowns, on top of making the SuperBowl.

Unfortunately this is how many dealerships around the country, whether their dealerships are large or small run their internet departments - on a wing and a prayer.

The Internet department needs to be run like a separate entity, and not considered as part of the typical sales process. The internet sales runs contrary to the traditional selling process, therefore needs a totally different business plan than you would create for the new or used vehicles departments.

So, before you jump head first into increasing sales within your department, let's take a look at some areas you should consider when writing your business plan:

Define what you want to accomplish on the internet:

- do you want to just sell new and used cars?
- do you want all your inventory online?
- do you want to offer online credit approval?
- do you want to sell parts and accessories?
- do you want to offer service scheduling?
- do you want shoppers to be able to contact you directly?

These are just some of the areas you'll want to consider. There are plenty more, but you'll want to keep your initial plan simple so you won't become overwhelmed.

• WHAT INFORMATION DO YOU WANT TO PROVIDE ON THE INTERNET?

Now that you know you want to sell new and used vehicles over the internet, ask yourself some questions like: do you want to show MSRP, Invoice, e-Prices, rebates, mark-ups? You will need to do this for every area you identify that your dealership desires to incorporate into the online system.

• IDENTIFY YOUR STAFF

Really try to understand what the staff will be responsible for, and what knowledge and traits they must possess or acquire through training. You may have some talent in house that may fit your requirements, they may need to be professionally trained to the best internet practices, or you may have to consider hiring from the outside. I like the department to have both salespeople and a manager. Management is crucial to make sure the department runs smoothly and goals are attained.

• IDENTIFY THE TOOLS YOU'LL NEED TO FACILITATE YOUR PLAN

- website technology
- email lead management tools
- hosting for your web site
- computers
- logistics
- types of reports

- **LAYOUT A COMPREHENSIVE CASHFLOW STATEMENT**

- salaries
- commissions
- hosting
- lead sources
- advertising
- training
- gross on vehicles, parts and service

- **LAYOUT A COMPREHENSIVE TIMELINE**

Review your goals and milestones on a weekly basis. This includes number of desired sales, grosses, appointment set vs sales made, etc.

If implemented correctly, a good internet department can easily add \$30,000+ of additional profit to the bottom line in a dealership selling 150 new and used vehicles per month. So, run your department like a business and you'll see more sales this year than you ever imagined.

If you'd like to learn more about developing an Internet department, visit
www.inetselling.com.

Chapter 19

Recruiting and Hiring Salespeople

“Leadership is the ability to decide what is to be done and then get others to do it.”

— **Dwight D. Eisenhower**

“Leadership has a harder job to do than just choose sides. It must bring sides together.”

— **Jesse Jackson**

Each time I browse through the want ads in our local newspaper, I can't help but notice the ads placed by the same dealerships over and over. In fact, it has almost become a game with me to see if these same dealerships are advertising again. Is their need for new salespeople due to company growth, or are they experiencing high turnover? If the reason is turnover, then how do they manage to stay in business?

The ticket to survival in today's competitive business climate is to keep costs down and productivity high. This begins with hiring the right people into the right jobs. Because when people like their jobs and can do their jobs well, everyone wins. With every successful hire you can expect:

- decreased turnover
- decreased training costs
- increased performance and productivity
- increased morale
- increased dealership profits
- greater job satisfaction
- greater customer satisfaction

But unfortunately, the responsibility for salesperson selection usually falls in the hands of new and inexperienced Sales Managers who have never

received the proper training. So when they are pressured to fill a vacancy or add a couple of extra salespeople, they tend to hire the first warm bodies that come through the door and hope for the best. Consequently, they get fooled often. Just because an applicant has a wonderful personality and excellent communication skills, doesn't mean that he/she is suited for the job. After the smoke clears, you may find out that he was all talk and no action.

Effective salesperson selection cannot be done in a hurry. Unless you learn how to qualify your applicants, you'll continue to make wrong hiring decisions. You can't act impulsively no matter how pressured you are to fill a slot. You need to take the time to examine and compare many applicants before you can be sure of finding the right person. Some legitimate concerns you'll be faced with are:

- where do you begin to look?
- what should you be looking for?
- what makes you and your dealership special?
- how will you know when you have found the ideal candidate?

Keep in mind that hiring the wrong person can be just as harmful to the individual as it is costly to your dealership. No amount of training and guidance can correct all the problems caused by choosing someone who's not suited for the job.

Following are some suggestions to help you in your efforts. Remember, the more you learn and the more you implement and refine what you've learned, the better you'll become at hiring.

• IDENTIFY JOB REQUIREMENTS

Before you can find who you want, you need to know that you're looking for. Begin by evaluating your opening. List the job title, main purpose of the job, and major duties and task associated with the job. Then list all the requirements and qualities needed to be considered for the job, as well as, those that will enhance it. This list should include the following:

- basic skills
- special skills
- levels of education and training
- type and amount of experience
- personality traits
- behaviors and practices that will enable the applicant to do the job well.

Categorize these requirements into “must-have,” which relate to the necessary and minimal requirements, and “would like to have,” which are qualities that would enhance the individuals potential.

If you are unsure of the requirements, review past job descriptions and compare them to your present opening. Are the duties and requirements the same, or have they changed? Ask for suggestions from other Sales and department Managers who have hired in the past. If they are more in touch than you, they can provide you with details you may have overlooked. Review your current staff’s resumes and performance evaluations. What qualities make your top salespeople strong? Which qualities are missing or interfering with other salespeople? If you had the choice, would you hire these salespeople again? What changes and improvements will you be looking for in your new hire? As you compile your list, remain realistic with your expectations. Remember, no one is perfect.

Once you understand what the job entails, you can use the information to:

- create more effective advertising copy.
- create checklists to screen and match candidates to the requirements for the job.
- develop effective interview questions.

• RECRUITING

After determining what you want in a candidate, you must focus your efforts to recruit individuals who come closest to your specifications. Place to recruit from are:

Outside Your Department

Look to other departments within your dealership. Ask Managers with whom you are acquainted if they have anyone whom they would recommend.

Outside Referrals

Ask relatives, friends and business associates, whose ethics and judgement you trust, for referrals. However, my advice to you will always be to not regard anyone’s recommendation as the final word. In other words, everyone should go through the same application, screening and interviewing process before a final decision is made. Personal acquaintances who are referring others have seldom worked along side the individuals they are referring.

Personnel Files

Review your files often to refresh your memory on potential candidates.

Other Sources for Recruiting and Advertising

- Newspaper ads
- Professional and trade journals
- Radio and television ads
- College, university and vocational school placement offices
- Government agencies such as unemployment offices
- Career day conferences and job fairs

If you are responsible for creating your own advertising copy, study ads of similar job descriptions. What message are these ads conveying, and what type of person could they appeal to? Are they vaguely written to attract large numbers of applicants? Or are they more specific demanding? Do they convey growth and career advancement, or do they sound like dead-end jobs? With the high cost of advertising, it's important that your ads appeal to those individuals you hope will respond. Ultimately, the cross-section of people who will respond to you job posting will vary according to:

- the economic conditions in your area
- the position itself
- the way you phrase your ads
- and the places you choose to advertise.

When unemployment rates are high, expect to see applicants who are more qualified than the position requires. If you decide to take a chance and hire them anyway, anticipate that they will leave when something more suitable comes along.

The quality of applicants will also be dependent on the reputation of the dealership and the opportunities it provides for its employees. Dealerships with outstanding reputations generally have a waiting list of applicants trying to get in.

You may also encounter people who by their own admission want a career change because they're unhappy in their present occupation. Don't be surprised if this group includes people with post graduate and professional degrees. If they can convince you that they will be happy doing the job, treat them as you would any other candidate in your selection process.

Refrain from any type of discrimination such as the disabled. Applicants with disabilities are protected by the Americans With Disabilities Act. This law prohibits discrimination in all employment related activities including recruitment, interviewing and hiring. However, an

employer is free to select the most qualified applicant available based on reasons unrelated to a disability.

- **SCREENING**

Once you have applicants responding to your opening, your objective will be to interview the candidates who show the most potential to succeed. Sort through your applications and pick out those candidates whose skills and experience most closely match your preselected criteria. An easy way to help screen your applicants is to have a ready-made worksheet itemizing all the qualities that will make for success in that position and match them to each candidate. If a candidate's qualifications don't match identically, look for skills and experiences that may be transferrable. Many times, such individuals bring hidden strengths to the position. Also, pay close attention to those applicants who show an initiative by calling to learn the status of their application process. Chances are they are genuinely interested in working for your dealership. Then begin preparing for the interview.

- **INTERVIEWING**

When I first started interviewing, I was just as nervous about the interview as I'm sure the candidates were. With virtually no experience, how could I be sure I could make a sound hiring decision? My main concern was figuring out which questions to ask, how to interpret the responses and how not to be swayed by the overly persuasive individual who might be good at reading my mind and pushing my hot buttons. So I studied a lot of "How To Interview" books, as I advise you to do, and I picked the brains of those I felt were more experienced. I also tried to recall and analyze some of the good and bad interviews I personally experienced as a job applicant.

One interview that stands out in my mind was one of the most professionally conducted sessions ever. The interview lasted around two hours. Even though the interviewer left no stone unturned by the types of questions asked, he did his ultimate to bring out the best in me, while not making me feel intimidated. He was friendly, yet confident and direct. He knew exactly what to ask and how to ask it in order to get a sense of who I was and what I had to offer.

After reflecting back on this and other interviews, I had, as a job applicant, as well as those I had conducted myself, I realized that the preparation and organization before the interview is just as critical as the interview itself. I also realized that because each candidate is unique, I had to develop a method of obtaining comparable information from each one. Otherwise, How could I make sensible and valid decisions?

Please understand that the proof of the pudding for any hiring decision comes only after the person is actually on the job. However, by remaining realistic in what the interview can achieve, and knowing how to go about getting the needed information, you should be able to maximize on every opportunity. Then coordinate your evaluations with reference checks, as well as with any valid aptitude and profiling instruments available to you to help with your decision.

Use the interview to:

- validate and clarify information in the resume.
- gather information that can only be obtained first-hand.
- observe behaviors and other traits that are similar to job requirements.
- discover how individual handles related situations.

• **PRE-INTERVIEW PREPARATION**

- Study the job description you diligently prepared and develop a series of questions around the major requirements. These questions should elicit a candidates' knowledge, skills, experience, behaviors, attitudes, goals, strengths, etc. as they relate to the job. For consistency, ask each candidate the same questions.
- Review each candidates' resume. Write down what you know about each candidate now. Write down what you want to know about each candidate at the end of the interview.
- Create an interview format so that you can stay on track and also control the flow of the conversation. Divide you interview format into three segments. Segment One is the opening which consists of the greeting and introductory remarks. Segment Two is the main body which will consist of the bulk of the interview questions. Segment Three is the closing or interview wrap-up.

Develop a "script" for each segment. Then practice what you will be saying and asking. If at all possible, do some role-play exercises so that you can become more familiar with different paths the interview may take. Practice speaking in front of a mirror and observe your facial expressions. You want to sound and appear natural and confident, not uptight and insecure.

- Study the legal guidelines as they relate to discrimination so that you can avoid asking questions or making statements that can be construed as being discriminatory or prejudicial. Remember, you company's reputation is also at stake.

— Arrange for the interview to be private and without distractions and interruptions. If you plan to use your office, and if you answer your own phone, plan to tell the receptionist to send all your calls to voice mail.

— Prepare interview evaluation sheets so you can rate each candidate in the same categories.

• CONDUCTING THE INTERVIEW

Once the candidate arrives, begin the interview on a positive note. Greet the candidate in a friendly manner and initiate non-work related conversation to break the ice. This is the time to establish rapport and to make him/her feel at ease. Even the most ideal candidate, when made to feel nervous, can fumble in an interview. Your aim is to bring out the real person.

Briefly outline the job and responsibilities and mention how this position relates to the sales department and dealership as a whole. This is meant to clarify any misunderstandings about the position the candidate may have.

Explain what will occur during the interview and about how long it will take. Then proceed with your questions.

Main Body

Begin with easy, non-threatening questions to allow the interviewee the chance to calm down and become familiar with your style. Then progress to the questions that will give you the information you're looking for. Group your questions, for example, into education related, experience related, personality, behavioral related categories. Then try to complete one group of questions before jumping to the next.

For the most part, use open-ended questions. These are questions that begin with the words, how, what, where, when, why, tell me about, etc. This allows the individual to give long detailed answers and explanations, rather than short one-worded answers. Don't feed the answers to the candidate. Give your individual attention by listening more than you speak. It's recommended that you listen 80% of the time. As the interviewee responds, give short responses or non-verbal acknowledgments that indicate you are indeed listening, and to signal the candidate to continue on. Probe the same topic from different angles to get a greater sense of the candidates' understanding and viewpoints. Examples:

-
- “I see, what really happened?”
 - “How did you resolve it?”
 - “What did you learn?”
 - “If you had to do it over, what would you do?”

If the responses begin sounding to contrived, vary your style of questioning to get a more balanced perspective of the individual. Remember, some job seekers also study books on how to interview.

Don't form any hasty conclusions early on that may cloud your ability to evaluate the candidate fairly. Avoid asking any questions or making statements pertaining to the following:

- race/skin color
- national origin
- disability
- sex
- sexual preferences
- religion
- age
- marital status

Regardless of how innocent your comments seem at the time, you stand the risk that the other party may deem them discriminatory. Take notes during the interview so as not to confuse one candidate with another, and to help in your evaluations.

Closing

Just as you are evaluating the candidate, the candidate is also evaluating you and your dealership. You certainly don't want to lose the opportunity for attracting candidates who would be an asset to your sales department nor to accept candidates who won't fit. Present the positive features as well as the negative features of employment. The interview is the time to bring out any objections and to allow the candidate to disqualify himself/herself from accepting the job. By the same token, don't neglect selling all the positive aspects of the job and the dealership offer. These may be:

- room for advancement
- excellent management
- good working conditions
- flexible hours
- complete training
- good pay plan
- excellent benefits
- department continuity/stability

All of the above can designate a dealership's commitment to employee growth, retention and satisfaction.

Indicate if other candidates are being considered, and that a second interview will be in order for the finalists. You will also need to indicate if there are other required procedures such as skills tests or personality profiles that will have to be scheduled. If you have the opportunity to incorporate valid and impartial testing instruments, by all means use them to your advantage. They may be able to more accurately provide you with each candidate's *can-do* and *will-do* qualities.

Never conclude an interview without revealing that reference checks and drug testing are a part of your decision making process. Indicate to the candidate that it is a dealership policy to inquire and check references, and that you would appreciate learning first hand if there is anything the candidate wishes to discuss now. Honest candidates will open up and discuss past problems if they are convinced you will follow through. Dishonest candidates will virtually disappear if they have a dark past work history.

Thank the candidate and describe the decision making process and by when a decision will be made. Soon after the candidate leaves, take down whatever additional notes you'll need to give you the ability to rate and evaluate the candidate fairly. If you have prepared evaluation forms, fill in the information now while your impressions are fresh.

• **HIRING DECISION**

Your final decision will be based on evaluating the interviews, talking to as many people as possible who have employed or who have worked with the candidate and incorporating results from any testing instruments you may have used.

Narrow your choices and invite the final candidates for another interview. If you have unanswered questions from your previous meeting, bring out those concerns now. Don't limit your choice to only one candidate because chances are that desirable candidates will be receiving offers from more than one source. If by chance your number one choice has already accepted another position, have a second strong candidate to fall back on.

In making selections, Sales Managers often have a tendency of hiring the candidate who is a carbon copy of the Manager himself. Before hiring someone who resembles you, analyze and evaluate yourself. Who are you in relation to the job?

Matching the right person to the job is not an easy task, nor a skill that you can master overnight. Make use of the many excellent books on the subject that can help you become more proficient.

Your goal should always be to find the individual who:

- is able to do the work
- can grasp and learn new skills quickly
- is self-motivating
- possesses the right personality traits and behaviors
- will be fulfilled doing the work.
- fits into the group and is a team player.

Then after the person accepts the position, the rest of the responsibility lies with your commitment to help this new employee succeed.

• SALES INTERVIEW QUESTIONS

Interviewing can be a tedious and stressful time. Which questions should you ask, which ones are appropriate? Are you going to pick the right person for the position? Below is a list of the top 23 interview questions sales managers find most effective. These inquiries range from basic to complex. Some of the questions are very straight forward and some are tricky ones that bring out the candidates personality and behavior without directly asking them.

- Tell me about your last three days at work-- beginning to end.
- How many appointments do you set each week?
- What do you like and dislike about the sales process and why?
- What do you like and dislike about the vehicles you're selling now and why?
- What attracts you to the vehicle industry?
- What are your long-term professional goals?
- What do you do personally for your professional development?
- What are your favorite selling books?
- As a sales professional, what do you see as your primary and secondary roles within a dealership?
- Describe a situation with a prospect where you made a mistake. How did you handle the error?
- Describe a time where an approach to selling a vehicle didn't work and what you did next?
- What do you think are the most important skills in succeeding in sales?
- What are your top three open-ended questions for qualifying a customer?
- How do you organize your presentation?
- What do you like and dislike about product presentations and why?
- What do you see as the key issues in negotiating?
- What do you see as the key skills in closing?

- How would your current prospects and customers describe you as their sales representative?
- Describe one or two of the most difficult rejections you've faced in the past and how you responded?
- How do you move forward from a string of rejections?
- What would you say your one or two biggest failures or mistakes were? What did you learn from them?
- What are some of the challenges you see that are facing this industry?
- How would those with whom you work now, across all areas of the dealership, describe you and the work you do?

Chapter 20

Adult Methods for Training Your Salespeople

“Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.”

— **Stephen Covey**

“I don’t want any “yes-men” around me. I want everybody to tell me the truth even if it costs them their jobs.”

— **Samuel Goldwyn**

Your ideal as a Sales Manager would be to have all of your salespeople performing at the same high level of competency, very enthusiastic and motivated, and constantly seeking ways to improve their skills. If this were true, training would be an insignificant part of your agenda. In the real world, however, such ideal situations seldom, if ever, exist.

Your salespeople will likely consist of:

- new hires with little or no skills,
- long-time employees with little energy, and
- salespeople with poor or untapped skills.

Your staff will also consist of people who, for various personal reasons, are not performing even when they do have the skills. Helping each salesperson to reach peak performance will be a difficult and challenging task. But, once you begin seeing results, you’ll realize the value of your efforts and you’ll be inspired to continue.

Training is a way of helping salespeople to acquire selling skills that make them more productive. The purpose of training is to change the way people think or behave by changing their knowledge levels, skills, and/or attitudes. Learning a skill without applying it

and making it a permanent part of your everyday work habits, however, is merely acquiring knowledge. A skill is not a skill until it becomes a part of one's work behavior and is actively practiced on the job.

All of us can relate to times when we were attempting to learn a new way of doing something. The minute we began experiencing difficulty or failure with the new method, we reverted to our comfortable old way of doing things. This means that the new method had not become a part of our behavior. In order to transform the learning into a permanent change, a salesperson must feel comfortable and confident using the new method at all times, even during a difficult sale.

Skills training and learning fall into two major categories: hard, or technical skills; and soft, or abstract skills.

- **HARD SKILLS**

Hard skills, which are generally task-oriented, are easier to master than soft skills because they adhere to a specific series of steps or events that seldom vary no matter who is performing the task. Learning how to write a deal, prepare a delivery order, work the database or CRM program, all comprise technical skills learning. For example, regardless of who is operating a fax machine, the same sequence of steps must be executed in order for the machine to operate properly. If the operator omits a step or pushes the wrong button, the machine will malfunction.

- **SOFT SKILLS**

Soft skills, which are dependent upon an individual's personality, are more difficult to master than hard skills because the interpretation and application of the task differs according to who is doing it. Selling a vehicle is an example of a soft skill. Although every salesperson's objective is to sell the vehicle, the manner in which an individual salesperson goes about accomplishing the sale differs according to personality, attitude, and skill level. It is also more difficult to measure the mastery of a soft skill.

To ensure that the training will be successful, it must be planned, organized and consistent. And the best way to offer continuous education, and be able to monitor the effectiveness, is to make the Sales Manager the trainer.

To be an effective trainer, the Sales Manager must not only be knowledgeable about the selling process he is going to explain to others; but he must also know how to properly explain and train.

• MAKING TRAINING EFFECTIVE

The way we train adults needs to fit the way adults actually learn. Before beginning any type of training, it's important to pre-evaluate the level of proficiency of each salesperson so that you can gear your training to the specific needs of the individual. This can be achieved through interviews, questionnaires, and professional testing instruments. Then, set definite times to conduct the training so that your salespeople gets mentally programmed to accept instruction. Divide the training into manageable modules and encourage salespeople to practice the steps repeatedly before moving onto the next module. This allow the salespeople to master the steps in small increments rather than being bombarded with too much all at once. Then, repeat the training periodically to refresh and reinforce what the salesperson has learned. Keep in mind that for any training to be effective, your salespeople will be more apt to commit if they can realize how the training will benefit them.

Professional trainers are hired on their ability to motivate, inspire, and provoke thought and discussion. The philosophy being that when the sessions are fun and participatory, then the students will learn and retain more.

Following are some training techniques many professional trainers use in their seminars and workshops that help make the training session interesting, as well as educational:

• MAKING SESSIONS INTERESTING AND ENTERTAINING

To keep the sessions interesting, it's recommended to vary your training style from time to time, and to incorporate a variety of training tools. Your sessions can include:

- a workbook
- a video or film pertinent to the selling
- role-play exercises
- quizzes and questionnaires
- case studies for developing problem-solving skills like handling objections
- demonstrations

The who objective is to keep your salespeople alert and motivated while providing them with practical applications.

- **THE DISCOVERY METHOD**

One of the most effective and adaptable training techniques is The Discovery Method. Discovery is a means of getting your salespeople actively involved in their learning. Discovery is learning what your students already know, and then tailoring the teaching accordingly. It allows them to “sell” themselves on the principles and skills being taught, because when participants get involved, they usually learn more and at a faster pace.

- **FACILITATE VERSUS LECTURE**

The Discovery Method abandons the lecturer/presenter style employed in traditional classroom settings and replaces it with the facilitator style of teaching. The difference between the two is: a lecturer stands in front of the salespeople and does all of the talking whereas a facilitator leads the discussion in the direction he wants it to go. The best way for a group to learn is through a system of two-way communication and interactive discussion, exercises and role-play. This keeps the salespeople from getting bored and allows them to become an active part of the training and learning process.

- **WHY USE THE DISCOVERY METHOD?**

- To determine if the salespeople understand.
- To get salesperson approval through their involvement.
- To evaluate the degree of understanding and learning from their responses.

- **USING QUESTIONS, ANSWERS AND FEEDBACK**

A good facilitator uses questions in order to evoke the types of responses that will allow them to learn. It's easy to stand there and verbalize everything they need them to know. The trick is to keep asking the right questions, which allows them to give you the correct answers. Salespeople may not always remember everything you say, but if you can get them to give you the answer, they will understand it and remember it longer. At the end of the training session, use feedback to summarize the discussion and reinforce the ideas.

- **HOW TO GET STARTED**

First you must determine your training objectives. Define what you want your salespeople to learn and decide which training method will work best. You need to

clearly know what it is you are trying to accomplish. If you are lecturing prepare an outline, if you are incorporating role-play develop some scenarios. In other words, give each of your training sessions some careful thought and planning in order to make the best use of your training time.

- **LIMIT THE NUMBER OF TOPICS**

Your salespeople will need to have a sense of where your training is going. Limit the number of topics per session. Don't try to cram too much information in any one session because attention spans are short. Remember that salespeople learn best when information is presented in bite-size doses. If your training covers more than one subject, put closure on the first before you change gears and move on to the new topic.

- **ASK OPEN-AND CLOSED-ENDED QUESTIONS**

An open-ended question is one that allows the salesperson to expound on a topic. These questions usually begin with the words how, what, where, when and why. By letting the student tell you as much as he knows about a subject, you can evaluate the level of understanding and retention of that individual.

A close-ended question is one that requires a specific response or a choice between responses. Both types of questioning are measures of the effectiveness of the training and learning taking place.

- **GIVE AN APPROPRIATE RESPONSE TO QUESTIONS**

When the salesperson asks you a question, you can respond to the question in several ways. You can give the answer or you can throw the question back to the class and allow them to respond. The question you must first ask yourself is, "Which method will provide the class with the best learning experience?" If you find that there is a question that you can't answer, don't fake it by giving a wrong response. Admit that you don't know but you will research the answer. You may also try to throw the question back out to the class to collectively arrive at the answer.

- **SUMMARIZE THE POINTS**

Once the session reaches a conclusion, summarize all points. There have been several points brought to the surface, and many times the class will typically remember the last thoughts that were brought out. You can bring the ideas to focus by taking a moment and reviewing how you came to this point in the discussion.

Although The Discovery Method is an excellent technique to use, it may not always apply to your particular training objectives. There are a number of excellent books that can provide you with alternative methods and help you develop your own training and teaching skills.

The rewards from effective training are enormous. The Sales Manager wins because his salespeople become more self-managing, allowing him to perform his/her daily responsibilities. Salespeople win because their morale and confidence levels improve, their skills and performance levels increase, and their job satisfaction rises. The dealership wins because production increases, problems are minimized, and salesperson turnover declines.

Chapter 21

Motivating Your Salespeople for Increased Performance

“There are two tragedies in a man’s life. One is not having reached one’s goal and the other is having reached it.”

— **Friedrich Nietzsche**

“Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them.”

— **Paul Hawken**

Motivated salespeople perform with excellence because they like what they’re doing and have specific reasons why they want to do well. People can only be motivated by themselves. No one can force another person to do something he/she doesn’t want to do. You may notice salespeople being highly motivated one day and less motivated the next. One salesperson may respond to incentives and contests, while another may resist them. One salesperson may be stimulated by challenges, while another may be prompted by security and stability. Pep talks and motivational tapes can revitalize salespeople for a short while but these external motivators are not as reliable as the motivators that come from within. In reality, each salesperson is different and will respond and perform according to whether or not his individual wants and needs are being met. A Sales Manager must get to know the personality behind each salesperson so he can help to cultivate the conditions that will bring out that person’s best performance.

The following are some basic reasons why people want to perform well:

- **COMPETITION**

Some salespeople like to compete against their

co-workers or against their past performances. In order to be the best, they tend to work hard to attain this goal. If a promotion or a pay incentive is a part of the reward for performing well, then the act of competing is even more meaningful.

- **CHALLENGE**

Some salespeople look forward to and enjoy the opportunity of taking on new tasks (like helping with Sales Manager tasks). Although these individuals don't necessarily have to win, they thrive on being the forerunners in the new area and on the continuous learning that goes along with the challenge.

- **FAMILY AND PERSONAL OBLIGATIONS**

Fulfilling the basic need of providing shelter, food and clothing is probably the easiest motivator to understand. The simple fact of someone needing to pay bills and to take care of the family's needs will cause this individual to want to perform well.

- **PRIDE**

Some salespeople take personal pride in how they perform their jobs and so they always strive to do their best. The successful attainment of their sales and income goals becomes their personal motivator.

- **SUCCESS**

Setting goals and plans to achieve them with an eye pointing to where you want to be at a certain point in your life is a reason why some individuals are driven to perform well. Success means achieving short-term and long-term goals in order to gain personal and financial status.

- **MONEY**

Some salespeople are motivated exclusively by the amount of money they earn and so they will work hard to consistently increase their paycheck. Give this individual a chance to make as much money as possible, and that's all the motivation he'll need.

- **SECURITY**

Some salespeople want to do a good job so that they'll have a job at all times. A high income may not be as important as the certainty of knowing that there will be work tomorrow. With the ever-increasing unemployment rate it's comforting to know that your ability to earn a paycheck will not be in jeopardy.

- **CREATIVITY AND INDEPENDENCE**

Some people like the idea of being assigned a project they can design and execute themselves. They enjoy the independence and the power for taking charge of an entire project, being their own boss, and therefore, being responsible for their own successes or failures.

- **LOVE**

Many great feats have been accomplished with the love of another individual. To have love in their life builds a fire toward success that may not be achieved without it.

- **APPROVAL**

Many salespeople rely on the praise and recognition of their Sales Manager to stimulate them. Knowing that they are appreciated is all that they need.

- **ACCEPTANCE**

This person enjoys working in an environment where doing your best will win the approval and acknowledgment of your co-workers.

- **POWER AND CONTROL**

These individuals want to be successful because they realize that someday they will have the power to make things happen. They are usually driven toward success because they aspire to be in a management or executive position.

- **FEAR**

The fear of failure, or other reasons for being fearful can drive people to behave and perform in unusual ways. Learning what propels or hinders an individual can determine whether or not this individual is doing his best work.

These are just a few of the motivators that can account for why individuals do what they do. In real life people respond to a combination of motives that constantly vary according to what is happening in their lives. An astute Sales Manager will learn as much as he can about each salesperson so that he can know what motivates this person, as well as what demotivates him. Being able to provide the ideal conditions for every salesperson may not always be possible but the more you attempt to treat your salespeople as individuals, the more successful you will be to get them to work with you to achieve your common goals.

When a Sales Manager takes the time to understand his salespeople he will become aware when an otherwise productive individual's performance is declining. There are a lot of things that can affect a salesperson's motivation on the job that may have nothing to do with the job itself. When people are experiencing problems in their personal life, the emotional effects can put them into a professional slump. Without prying, learn as much as you can about the situation so that you can assist this individual with concentrating on the job again.

A good Sales Manager will also try to see that salespeople are rewarded for doing great work, are not rewarded for doing average or below-average work, and are never penalized for doing their best work.

Aside from motivating your salespeople it is important that you continue to motivate yourself. Try to surround yourself with companions and colleagues who share and support your aspirations and goals. Read motivational books and listen to motivational tapes and lectures. Continue to learn your trade so that you can remain competitive and confident. The energy and enthusiasm that you exude will create the positive atmosphere that your salespeople require.

Chapter 22

Getting Your Salespeople to Perform

“We should place confidence in our employee. Confidence is the foundation of friendship. If we give it, we will receive it. Any person in a managerial position, from supervisor to president, who feels that his employee is basically not as good as he is and who suspects his employee is always trying to put something over on him, lacks the necessary qualities for human leadership - to say nothing of human friendship.”

— **Harry Humphreys**

“If you wish to succeed in managing and controlling others - learn to manage and control yourself.”

— **William Boetker**

A Sales Manager should go for the maximum in his salespeople, instead of just accepting the minimum. You can not run your sales department at minimum levels of efficiency. Someone once said, “a man’s reach should exceed his grasp, or what’s a heaven for.”

Outstanding salespeople have to be able to give their maximum. There is no room in your department for salespeople who don’t share your goals. If a Sales Manager gives only a minimum on the job, he can’t expect the maximum from his salespeople. If you come to work late and leave early, if you’re careless about demanding quality work, if you seem bored with your own job, people will assume an identical attitude about their own work. But if you set the right examples by giving the right examples from yourself, your salespeople will do the same.

Enthusiasm is contagious. If you’re positive about your work, the chances are, your salespeople will also be positive. It’s up to the Sales Manager to set the performance standards for your staff. If you set high standards, and then take the responsibility to make sure your staff achieves them, productivity will increase.

• WHAT ARE SOME TELL-TALE SIGNS OF MINIMUM PERFORMANCE WITHIN YOUR SALES DEPARTMENT?

- Management is no longer willing to try new ideas.
- The sales department is no longer willing to look for new ideas, and is willing to stay at the level that they are.
- The management demands absolute conformity from its employees.
- The manager is self-satisfied, and no longer working on a program of self-improvement.
- The sales department is dull, lifeless, and not longer an exciting place to work.

• HOW CAN YOU CHANGE YOUR PRESENT SYSTEM OF MINIMUM PERFORMANCE?

- Re-examine your thinking. Push the present aside while you examine new ones.
- Try brainstorming. Use questions to stimulate thinking.
- Keep your imagination working constantly. Keep a notebook handy and write down all the ideas you come up with.
- Be willing to accept new ideas. If you push new ideas aside, you hammer the nails into the coffin of a dying sales department.
- Encourage your salespeople to better your system.
- Motivate your salespeople to improve their maximums by having them improve their standards.
- Offer incentives for success like money, time off, praise, or a demos.

• THE SALES MANAGER HAS TO HELP HIS SALESPeOPLE SET GOALS. USE THESE TECHNIQUES TO HELP YOUR SALESPeOPLE BECOME GOAL DIRECTED:

- Teach them to make goals specific.
- Get your salespeople out of that dream world by making them tell you what they want, and how they'll go about getting it. Help them state their desires as concrete goals. Help your salespeople develop a plan for achieving their goals. Show them what they need to do.
- Make each salesperson's career goal exciting and worthwhile.
- Teach salespeople to compete with themselves. They may want to work against former quotas or records, or standards they may like to improve.
- Make the salespeople's career goals attainable, realistic, and reasonable.
- Reward salespeople when they succeed. Don't promise your salespeople something you cannot give. A Sales Manager should say, "I'm proud of you," more, because that's one of the highest compliments you can give. Unless your salespeople are proud of themselves, you can't expect maximum productivity from them.

Recognizing minimum levels of performance is one thing. Wanting to change them is a whole different ball game. When you see a sales department whose performance standards are declining, it may take a radical restructuring to bring the department back. This will take an effort from everyone involved, including the support of upper management.

• IF YOU INHERITED THE SALES STAFF

A Sales Manager I know inherited a sales team that was ranked dead last in the region. The only producer was an 18-year veteran with the dealership. None of the other nine salespeople had more than one year of sales experience. Obviously, they were performing far below standards. The attitude in the dealership was pitiful. I heard a lot of excuses for poor performance like "lousy economy" and "our prices are too high". But what these salespeople really lacked was a success role model.

Eighteen months later that dealership had moved up to number five in the region, having posted the biggest increase in sales to date. Perhaps a few of the strategies used will help you improved performance of your salespeople.

Step 1

Delay action in order to observe.

When you first arrive on the scene of a sales team in distress, don't do anything. Take a few months to understand your dealership's situation, gather information about the salespeople involved, and....

Step 2

Study and assess your problem(s).

The main problem was the salespeople didn't believe in themselves. They hadn't yet experienced success, and there was no role model, a salesperson of whom others can say, "there's somebody I can relate to who's successful."

You may be thinking, "Hey, isn't it my role as a sales manager to set a leadership example?" And, of course, the answer is "yes." But the example you set for your people is not enough, because many salespeople emulate the actions of their peers. Since many salespeople play "follow the leader," you've got to ask yourself which salespeople do your less experience salespeople look up to? And, what kind of example are these "leaders" setting? You can get peak performance out of average producers if you can get average producers to emulate the success habits demonstrated by a leading salesperson. Clearly, they needed to find a leader. Fast.

Step 3**Find your "bell cow".**

On the ranch, the herd will follow along behind the one cow with a bell around its neck. Many salespeople, especially those with less experience, emulate the example of the team's "bell cow." So, it's important for you to study your team and identify who is the bell cow (informal leader)? Next, what example is your bell cow setting? Does he/she display excellent work habits? Or, does he/she simply sit back and "milk" the best customers? The example of work ethic and attitude that your bell cow displays for the team is, perhaps, even more important than the example you set for the team.

Hopefully, you already have a few players capable of stepping up. If so, talk to them. Help them see the importance of their success example, and ask them to share more of their talents, skills and energy with less experienced salespeople.

Unfortunately, they had no one on board capable of assuming the bell cow role, so he had to hire one. He knew that his next hire could play an important role in reversing the downward performance trend.

He had his new leader when he hired Bill. He told Bill, "if you stick with me, do exactly as I teach you to do, you will be very successful." Bill knew that he was counting on him, and he didn't let me down. In his fourth month, he produced 20 sales. Overnight, the attitude in the department changed from one of making excuses for poor performance to "what's that Bill guy doing?" Bill's performance forced others to take a good, hard look in the mirror. That's the day when when his followers finally accepted responsibility for their poor performance.

Step 4**Don't tolerate mediocre sales performance.**

You've got to stand firm - you won't tolerate mediocre sales performance. Far too often, poorly performing salespeople are allowed to continue their lackluster ways, acting like a dead weight on the rest of the team.

There are several reasons why sales managers hang on too long to poor performers. A manager may not want to face the hassle of recruiting a replacement, or, the manager may not have the time to recruit. This is a big mistake. The successful sales manager doesn't hesitate to "pull the trigger" when necessary. There's an old saying: "there's only one thing worse than a salesperson that quits and leaves .. and that's a salesperson that quits and stays". You can talk all you want about minimum acceptable performance, but the fact is that your minimum acceptable performance standard is walking around in your sales department right now. Your lowest producer is you minimum acceptable standard.

Your objective is to escort low producers to "the intersection of choice." By that, I mean poor performers must make a decision themselves to either a) recommit themselves to engage in the behaviors and activities necessary for success, or b) leave the dealership immediately. The key question is this: if you knew then what you know now, is there anybody on your team you would not have hired? If so, get "hands-on" and escort that individual to his or her intersection of choice.

Step 5

Install performance standards.

Install performance standards. You've got to communicate your expectations. So raise the BAR on everybody with standards that consist of Behavior, Activity and Results. A behavior standard, for example, could be to arrive in the dealership every morning before 8 a.m. An activity standard could be to make a minimum of 25 follow-up calls every day. A result standard could be that a sales rep with seven to nine months sales experience must sell a minimum of 12 vehicles per month. On results standards, I recommend you set two standards. One, a lower "keep your job" standard. Salespeople who fall below the minimum standard for a three-month period are placed on probation. If sales don't pick up in the next quarter, that person must be "dehired." Another standard performance, is of course, a higher sales quota.

Step 6

Dehire those below minimum standards.

Dehire those below minimum standards. Your salespeople will be wondering, "do you really mean it?" The first person you dehire will send a loud and clear message - performance standards will be enforced. If you don't enforce them, your standards are meaningless.

Step 7

Don't spend all your time with the salespeople who need you the most.

One of the biggest mistakes managers make is to spend all their time with the low producers. But, when you think about it, if you increase their productivity by 20%, so what? Far better to spend your time with the people most capable of translating your coaching efforts into significant sales results. To identify who you should spend your time with.....

Conduct a "triage" A trauma center is set up to save the most lives possible, in the event of a disaster. That's why they quickly assess the wounded and segment them into three groups:

- A. Those who will survive, regardless without immediate medical attention.
- B. Those who will die even if they receive immediate medical attention.
- C. And those who will live if they get attention, but will die if they don't.

If you've got limited time to coach, you want to spend your efforts on group C. Here's the rule: spend one-on-one time with your C players, group time with B players, and praise and recognize your A players.

Step 8

Cultivate a better "quality of life".

Cultivate a better "Quality of Life." Have more fun. Institute a series of contests that get everybody focused on department goals. For example, if your department hits the goal, salespeople who achieved their individual standards earned a round of golf with the others. The result: average sales per salesperson could double, and turnover could be reduced.

Step 9

Know what each salesperson wants.

Know what each salesperson wants. Every person has his or her own personal motivators. Your job is to find out what they are and help the salesperson toward achievement. Sit down with each salesperson one-on-one. Try to learn something about each of them: what are their goals with your dealership and beyond? What is their past like? How can you help them be, have, and do more? For example, one salesperson wanted buy a house, while another wanted to play the top 10 golf courses in the world. Two very different goals, but both could be achieved faster by the salesperson exceeding quota.

• MANAGING NEGATIVE SALESPEOPLE IN AN ARTFUL WAY

In every dealership one reality exists. There are going to be negative salespeople. If not carefully managed, these individuals drain the life force of productivity out of the entire dealership.

Sales Managers generally think twice about terminating negative salespeople especially if they are good closers, productive or have the essential skills needed that if replaced takes time and resources to retrain. It may also be hard to accept that their indispensable nature comes at the expense and productivity of others. Yet, if problems these individuals create places a drain on the overall sales department environment, ignoring them is one sure way to create in-house chaos, job dissatisfaction and time consuming energy and valuable resources to remedy.

What's a manager to do?

First closely examine the situation and the person absorbed in negativity.

Ask yourself, "Exactly how much does this individual personally contribute to the overall success of the department?" Once a clear picture is determined, move to the opposing side of the equation.

- **WEIGH YOUR ABOVE RESPONSES AGAINST THESE QUESTIONS**

- How much discord does this contribute to their overall productivity?
- How much disharmony are they creating? How much of an overall negative impact are they having on others?
- How many times have you had to intervene because of their negativity or cause and effected related issues?
- How much time and energy is personally lost because of it?
- How many others are they affecting? How does this negativity translate into lower quotas, or reduced enthusiasm and productivity?
- Lastly, are there any legal ramifications I need to be aware of before terminating their employment or intervening in a way that can cause legality issues to surface?²²

Before assuming the ultimate recourse of termination, think about how the situation can be rectified. Plan a course of action. If the decision is to salvage the salesperson, consider using the following ideas:

- **HAVE A ONE-TO-ONE DISCUSSION WITH THE PERSON INVOLVED**

Don't be surprised when they express ignorance of the situation, or blame others for their troubles. They may even become defiant and begin to play mind games over the situation to get and keep you off focus. The object is to get them to voice their own complaints so addressing the problem is put onto the table. Often times, negativity arises as a symptom, not a cause. It is best to address the causes, not the symptoms.

- **EVALUATE WHAT IS SAID BY THE EMPLOYEE WITHOUT JUMPING TO JUDGEMENT**

Look at things from the salesperson's perspective first, as well as your own. Negative salespeople often can have legitimate complaints and reasons behind their attitudes and reactions.

- **CREATE A LIST OF THEIR LEGITIMATE CONCERNS THAT NEED ADDRESSING**

Maintain a list of personal responses to your remarks or direct questions. It becomes easier to identify whether complaints are a smoke-screen for general overall negative behavior, or if the negative behaviors have a legitimate reason for occurring. Viable solutions are produced faster if these evaluations are given thought and attention.

- **FOCUS ON BEHAVIORS THAT NEED CHANGING, NOT INDIVIDUAL ACTIONS OR ATTITUDES**

It is easy to confuse issues, especially if individuals are defiant or blaming. Be aware that it may be impossible to recreate this salesperson into an ideal employee, or one you and others can legitimately live with. All good Sales Managers can do is to plan and chart a course of action to improve, one small goal at a time, following up on it consistently. The rest is up to the salesperson.

- **MAKE SURE ALL GOALS AND ACTIONS FOR IMPROVEMENT ARE VERY SPECIFIC AND PUT IN WRITING**

Double check to see if they are thoroughly understood. Follow through on the progression of goals at of minimum of once per week. Set your managerial goal on observing one small noticeable change. Make a verbal compliment upon it. Do this as an ongoing intervention. Once there is continual improvement, move to another area. Never fail to set limits on the total process. The salesperson should be given these limits in all fairness. If limits are not held as a top priority, there is no urgency for a salesperson to change.

When written and verbal evaluations fail, and numerous written documentation falls short of expectations and other attempts to change a negative salesperson's behavior have become unsuccessful, termination becomes inevitable.

Once this decision is made obvious, hesitation or procrastination can become a real detriment to effective managing.

Remember, all salespeoples eyes are on you and your managing style. If quick actions are not taken it will undermine your credibility in the minds of others, while instilling a loss of confidence in you and your management style.

Chapter 23

Sales Meetings That Inspire

“When you find a man who knows his job and is willing to take responsibility, keep out of his way and don’t bother him with unnecessary supervision. What you may think is cooperation is nothing but interference.”

— **Thomas Drier**

“Don’t measure busywork. Don’t measure activity. Measure accomplishment. It doesn’t matter what people do as much as it matters what they get done.”

— **Larry Winget**

The purpose of a sales meeting is to prepare your sales staff to sell. Yet all too often sales meetings turn into boring lectures and redundant wastes of time.

Meetings without an apparent purpose or agenda are tedious and often fruitless for everyone involved. When no new information is shared, valuable time is squandered. It’s important that you don’t waste your salespeoples’ time, but you also need to avoid overloading them with information. Create a balance between planned productivity and comfortable flow. The key to almost any successful meeting is to make it interesting, useful, and positive.

Before you rally the troops for another sales meeting, consider some of the following ways to get the most out of your sales meetings:

- **GET THE MEETING OFF TO A GOOD START**

If your salespeople come in at 8:30 a.m. specifically for a meeting, these people appreciate and deserve a positive atmosphere. Make sure you come to the meeting enthused and ready to spur on the troops.

- **RECOGNIZE YOUR SALESPEOPLE'S EFFORTS**

Take a few minutes every meeting to congratulate and thank your salespeople for any and all completed goals, closed deals, and profits. Praise reinforces positive behavior and encourages everyone to do well.

- **SHARE SOME POSITIVE STORIES**

At least one positive customer story should be shared in every meeting. These stories are engaging and fun, and they reinforce your goals.

- **PREPARE**

Give your salespeople some general guidelines in order to prepare for the meeting in advance. Ask your salespeople to share with group such items as:

- How they closed a deal
- How they set an appointment from a phone-up
- How they provided a customer with outstanding service
- What worked and what didn't work on their last deal
- One thing they learned that week

- **ENCOURAGE YOUR SALESPEOPLE TO SHARE**

Directly involve your salespeople by having them present product demonstrations or to disclose sales tips at each meeting. Part of the sharing process can include acknowledgement or review of the common mistakes that salespeople make. Find a natural way to bring up the Top 10 Sales Mistakes and invite discussion as to how to avoid them. Sharing information and ideas will help everyone to close more sales and to earn more money.

- **OPEN UP YOUR CIRCLE**

Bring in people from the outside. Invite one of your customers to a meeting, and ask them to explain why they buy from you. Have a trainer or consultant do a training session in your sales meeting. This is a powerful and constructive way to keep their juices flowing.

- **REMAIN POSITIVE AND CONSTRUCTIVE**

Sales meetings are a good time to focus on group concerns, not individual problems. Keep the discussion relevant and don't allow people to present problems unless they also have potential solutions.

When your weekly sales meetings help your salespeople make more money, you'll probably find that the once-dreaded sales meeting is a welcome respite from the day's business.

• THE "TRAINING" SALES MEETING

Instead of holding regular sales meetings, consider holding sales training classes instead. And instead of having the Sales Manager conduct the classes, have the salespeople themselves take turns doing it.

Successful salespeople learn their craft and sharpen their skills through education. Continual reinforcement in the form of training keeps those skills in constant use. So instead of a regular sales meeting where the Sales Manager talks and maybe allows each salesperson to report on what they did and what they're going to do, offer a class instead. Letting individual members of your sales team participate as trainers allows them to share their knowledge at the same time that they're further developing their skills.

Topics covered in training might include:

- Presentation skills
- Prospecting and networking techniques
- Overcoming objections
- Dealing with difficult customers
- New product information
- Competitive analysis
- Closing deals
- Qualifying the customer
- Proper documentation and reporting according to company requirements.
- Goal setting and planning
- Time management and organization

Keep the content positive—make it, "Here's what you can do," not "Don't do this." Be encouraging and supportive and don't let any negativity creep into the process. Talented salespeople have thought their way right out of the profession because they focused on negatives.

Be sure everyone has an equal chance to participate. One way is to put the dates of upcoming sessions on slips of paper in a container and let each salesperson draw a date to be the teacher. Or schedule alphabetically or by seniority — any way you prefer as long as it's fair, equitable and doesn't show favoritism. Provide guidance on choosing a topic but let team members make the final decision on what they present.

Sales Managers know that it can be hard to get people motivated. They understand that one person can't motivate someone else — you have to find out what's important to that person and then lead him or her to become self-motivating.

Keep in mind that ownership can be a strong motivator. When people feel ownership, they care. And when they care, they produce results. Letting your salespeople teach others what they know is a great way to give them a sense of ownership in the process and in the dealership.

Chapter 24

Cooperation Through Praise

“When a management team with a reputation for brilliance joins a business with poor fundamental economics, it is the reputation of the business that remains intact.”

— **Warren Buffet**

“High sentiments always win in the end, The leaders who offer blood, toil, tears and sweat always get more out of their followers than those who offer safety and a good time. When it comes to the pinch, human beings are heroic.”

— **George Orwell**

A common complaint among Sales Managers is that they don't get enough cooperation from their salespeople. You have to realize that you need to give before you can expect to receive. If you want salespeople who will work with initiative, ingenuity, and enthusiasm, you have to make them feel good about their job and about themselves.

• **PRAISE HELPS TO FOCUS ON THE POSITIVE**

The main purpose for getting into the habit of praising your salespeople is because a Sales Manager too often overlooks all the things a salesperson does correctly and only focuses on the salesperson's occasional mistake. Because Managers expect certain things from their employees, they don't feel the need to compliment or acknowledge routine performance; when in essence, this acknowledgment is exactly what a salesperson needs to feel worthy.

• **CREATE A STIMULATING WORK ATMOSPHERE**

A Sales Manager's main responsibility is to motivate his salespeople so that they become outstanding workers. The success and welfare

of your salespeople is dependent upon the supportive work environment surrounding them. Providing salespeople with an atmosphere that is pleasant, stimulating and verbally rewarding will gain you the loyalty and commitment you are striving for. When salespeople are happy in the work environment they perform more productively.

- **PRAISE HELPS BOOST CONFIDENCE AND PERFORMANCE**

When a salesperson feels uncertain about his level of appreciation, his ability to perform at his optimum may be impaired. The key to building self-esteem, confidence and motivation in salespeople is to compliment them for even small contributions. Make it a point to praise your salespeople on a regular basis. Recognizing consistently good performance is just as important as recognizing an outstanding performance. The added confidence and pride you instill through praise will maintain your salespeople's momentum to achieve.

- **SHOW YOUR SALESPEOPLE YOU'RE PROUD OF THEM**

One of the biggest misconceptions Sales Managers hold is that when they praise salespeople, they must do it really well. Paying compliments may not be something you are accustomed to. It is a behavior that has to be learned by many people. If you're not used to praising, your initial attempts may sound unnatural. But as with any type of repetition, the more you do it, the more comfortable it becomes. The only way you can get your salespeople to want to work for you is to let them know they are appreciated. The one phrase we seldom hear from management is "I'm really proud to have you on my team!"

- **YOUR SALESPEOPLE ARE YOUR MOST VALUED ASSET**

Don't let your busy schedule and numerous responsibilities distract you from remembering that the most important asset in your department is your salespeople. They are the ones who will ultimately determine your success. Realize their value and nurture them because without them, you have no career.

Personal praise from one's boss is one of the greatest motivators in the workplace, and ranks higher than monetary rewards. When you praise your salespeople always be sincere — because false complimenting can backfire. Look for legitimate reasons to compliment your salespeople and make complimenting a part of your daily routine.

Chapter 25

Making Criticism a Learning Experience

“If human beings are perceived as potentials rather than problems, as possessing strengths instead of weaknesses, as unlimited rather than dull and unresponsive, then they thrive and grow to their capabilities.”

— **Barbara Bush**

“Leadership is a combination of strategy and character. If you must be without one, be without the strategy.”

— **Gen. H. Norman Schwarzkopf**

Every sales department has its codes of conduct and standards of job performance. It's unrealistic to assume that salespeople working together will never be in conflict with one another or that every employee will be performing his tasks correctly at all times.

During an salesperson's orientation it is your responsibility as a Sales Manager to communicate fully what is expected from your employee so that there is a base line from which to draw conclusions later on. Keep in mind that new salespeople should be given extra support and consideration until they learn the ropes.

It is almost certain that at some time during your tenure you will have to critique or reprimand a salesperson. Sales Managers often only approach employees when they have something negative to say to them. Failing to recognize the positive side of a salesperson while only acknowledging the negative is not a beneficial approach. Salespeople need to feel good about themselves while they are learning from their mistakes.

When you reprimand a salesperson you must reassure him that it's the mistake you're upset with, not him as a person. Don't rob a salesperson of his self-esteem by belittling him. Instead, reinforce proper behavior and correct improper behavior.

BEFORE YOU CRITICIZE YOUR EMPLOYEES, ASK YOURSELF THESE QUESTIONS:

• **DO I ASSUME WHO IS AT FAULT?**

Avoid prejudging and making your own assumptions until all the facts have been laid on the table. The old “finger pointing” method where the Sales Manager does all of the talking and the salesperson remains speechless while having to listen to verbal abuse doesn’t work and could get you into a lot of trouble. Before you reprimand, encourage the individual to present his side of the story. Gathering facts will make it easier to determine why the problem occurred in the first place and how you should go about correcting it.

• **DO I MAKE THE PROBLEM CLEAR TO THE EMPLOYEE?**

Reprimanding a salesperson is not enough. You have the chance to help the individual grow by making the error a learning experience. Make it clear to the salesperson what he did wrong, then ask him for suggestions on how the problem could have been avoided or corrected. If you allow the salesperson to rectify the situation, you will be acting more as a mediator than a disciplinarian.

• **DO I CONTROL MY TEMPER?**

Sometimes it becomes very difficult to remain calm, especially when you are under pressure or when the salesperson does not learn from his previous mistakes. As a leader, you are responsible to rise above your feelings of anger. Don’t fall into the trap of making comments that you’ll regret later on. Take a deep breath and think before you react.

• **DO I HANDLE PROBLEMS IN PRIVATE?**

There is no excuse for reprimanding an employee on the showroom floor in front of his peers. Public humiliation will only reduce the salesperson’s morale and self-esteem, as well as destroy the respect that other salespeople have for you. If you feel the need to criticize a salesperson, do it privately where no one can hear or see what is taking place.

• **DO I PRAISE BEFORE I CRITICIZE?**

To ease the blow of the criticism, it’s important that you put the salesperson into a positive frame of mind before and after you identify the problem. This technique

is called “sandwiching feedback.” First, you begin by saying something good and uplifting about the individual and his position as a salesperson. Then you identify and discuss the problem. Finally, you finish the conversation with some more positive reinforcement. This method lets the individual know that he is a valued member of the dealership, however, at the moment there is something in his behavior or performance that needs to be changed. On the other hand, “sandwiching” will not always be the proper form of criticizing. There will be times after repeated situations when complimenting will not be suitable.

- **DO I SHARE RESPONSIBILITY FOR EMPLOYEE MISTAKES?**

Could it be possible that you have a hand in the mistakes a salesperson makes? If the problem is job related, ask yourself if the salesperson received the proper training and guidance? Were all procedures and schedules, and performance and behavioral expectations fully explained? If the error points to you, the Sales Manager, then accept the responsibility and try to solve the problem with the salesperson. You will gain respect for not placing the blame where it doesn't belong.

- **DO I PROTECT THE SALESPERSON'S DIGNITY?**

Because many salespeople have difficulty in distinguishing between criticism of their work or behavior and criticism of themselves, it's very crucial to indicate that it's the act you're upset with and not the individual. Unless it's a criminal act, making a mistake or an error in judgment shouldn't indicate that the individual is a bad person. Correct the mistake and leave the salesperson with his dignity intact. You will receive much better performance after the critique is over.

- **DO I SUGGEST SPECIFIC STEPS TO PREVENT THE MISTAKE FROM OCCURRING AGAIN?**

When a habitual problem employee is called in for a private conference with the Sales Manager, the employee usually knows what it's about. The importance of the conference, however, is not to downgrade the individual, but to help him learn from his mistake. Ask questions such as, “Why do you think this mistake occurred?” and “How do you feel we can rectify this situation?”, to enable the salesperson to admit that his performance or behavior was substandard. If the salesperson is sincere about wanting to correct the problem, he will be more actively involved in making it happen. Help the individual lay down the groundwork for solving the problem. If training is the issue, then make sure the

individual is given more support in this area. If conduct is the issue, the embarrassment of the confrontation is sometimes all that is needed. Nonetheless, monitor this individual periodically and make sure that you acknowledge improvements as they occur.

- **DO I KEEP RECORDS OF DISCIPLINARY ACTION?**

With the number of lawsuits in this country, it's best to record any disciplinary action and reasons for such action in the salesperson's personal file. If a lawsuit should ever occur, your records will help serve as proof for your decision.

- **DO I FORGIVE AND FORGET?**

This is self-explanatory. Once disciplinary action has been taken, unless it re-occurs, monitor the salesperson's progress and don't dwell on past mistakes. You still need to keep a productive atmosphere for yourself, and all other salespeople.

Criticizing and reprimanding are never easy. But if you can help your salespeople learn from their mistakes, everyone will benefit.

Chapter 26

How to Handle Employee Complaints

“The true test of character is not how much we know how to do, but how we behave when we don’t know what to do.”

— **John Holt**

“The ultimate measure of a man is not where he stands in moments of comfort, but where he stands at times of challenge and controversy.”

— **Martin Luther King, Jr.**

Regardless of how smoothly you run your sales department, there will always be salesperson complaints. It is unrealistic to think that you can satisfy everyone all the time. People will complain about other employees, the work, the dealership, the pay plan, etc. It is the method you choose for handling employee grievances that will determine how quickly these problems can be resolved. Opening the lines of communication between you and your salespeople and honoring their concerns, regardless of how petty they seem to you, can prevent larger problems from occurring later on. And proper communication, particularly in grievance situations, requires that you become a good listener. Don’t interrupt your salespeople while they are speaking. Give them signs that you are indeed paying attention.

• **MAKE IT EASY FOR EMPLOYEES TO COME TO YOU**

As a Sales Manager you are very busy. Every interruption in your work day only delays the completion of important tasks. But salesperson problems can also delay productivity. Be available and be approachable. If your job keeps you busy all day, let your salespeople know what hours would be the most

convenient. When warranted, meet with salespeople separately and privately. And to maintain their trust, keep the content of your conversations confidential.

- **EXPLAIN MAJOR GRIEVANCE PROCEDURES TO EVERYONE**

Make certain once a salesperson is hired that all formal and informal procedures are discussed immediately. If your dealership provides a policy and procedures manual, the grievance procedure should be included in the contents. Reviewing the entire manual should be a mandatory requirement for all new salespeople. This allows the salespeople to know what is expected of them and protects the dealership and the sales department from miscommunication later on. If you are newly transferred to a management position and you have procedures that differ from those of the previous Sales Manager, make sure you discuss these new guidelines with everyone involved.

- **PATIENCE, PLEASE**

Handling complaints is a frustrating, nerve-racking job. Along with all of your problems, you must also be concerned with someone else's predicaments. Don't show your frustration! Be patient with your salespeople's concerns. Deal with the facts instead of the emotions.

- **BRING SOLUTIONS WITH THE PROBLEMS**

Whenever employee complaints and concerns are problems that affect the entire group, encourage your salespeople to also suggest how these concerns might best be resolved. Place a suggestion box in your department and review the suggestions often. Periodically hold a sales meeting to discuss these suggestions. Implement those changes that seem feasible and beneficial. Then observe to see if these changes have improved departmental morale.

- **LISTEN BEFORE PASSING JUDGMENT**

Keep an open mind and don't intimidate a salesperson who wants to discuss a problem. Before offering your comments, give the salesperson your full attention and a chance to explain his perception of the problem. A good Sales Manager, like a mediator, will listen to all sides of an argument before drawing a conclusion. Give your employees the feeling that their concerns are also your concerns.

- **WRITE DOWN ALL THE FACTS**

If the concerns are of a serious nature, take notes on everything that is said, including your comments. This will help you keep the facts straight if you should need to refer to them at a later date. Taking notes will also help you document information that should be added to an employee's personal file.

- **PROVIDE FEEDBACK**

Take time to carefully think the employee's concern through and be courteous enough to let the salesperson know when he should expect a response from you. Sometimes salespeople will be able to solve their own problems, but knowing that a higher authority is willing to take time to listen to them may be all that is needed. If you must intercede, never make a decision impulsively. Then, follow through with your feedback as promised.

- **DOUBLE-CHECK YOUR RESULTS**

Before you report back to your salesperson with your solution, make sure you have assessed all the facts and that the decision you are making is the best under the circumstances. Make certain that your judgments are within dealership policy and are ethical and fair.

Handling employee complaints requires patience, a willingness to listen and the confidence that you will make the best possible decisions. It takes a lot of courage to stand up for what you believe is right, to make decisions regardless of the consequences, and to accept the blame graciously when you are wrong. Don't make a promise you can't keep or announce a punishment you don't intend to enforce. Remain honest, consistent and fair, and your salespeople will respect you.

Chapter 27

Preparing for the Performance Review

“In organizations, real power and energy is generated through relationships. The patterns of relationships and the capacities to form them are more important than tasks, functions, roles, and positions.”

— **Margaret Wheatly**

“Leadership should be born out of the understanding of the needs of those who would be affected by it.”

— **Marian Anderson**

Probably the most misused, abused and disused management tool in the dealership is the performance review. It's the strangest thing. Ask any Sales Manager whether they think a performance review is an important thing to do, they are almost unanimous. "Of course it is", is the common response. If you ask why it's important, they would likely have a reason.

The odd thing is that they often don't get done, and Sales Managers and salespeople hate the darned things. More importantly, Sales Managers look for a variety of reasons to delay and delay them. Why is that?

It's uncomfortable to do performance reviews. But why is it uncomfortable? Because people undertake them for the wrong reasons and wrong perspective, which ends up putting the Sales Manager and the salespeople on different "sides". Appraisals are used for determining pay increases, who gets let go, who gets promoted. Often they are used to focus on what people have done wrong.

So what is the point of performance reviews? Here's a starting point that actually works. The most important purpose or goal of the review is to improve performance in the future...and not just for the salespeople. Managers can get valuable information

from salespeople to help them make their jobs more productive. They can be used to identify problems that interfere with everyone's work.

If we shift from affixing blame, to identifying barriers to performance we begin to remove the fear and dread people have about these "reviews". When we focus on the present and the future, we change our focus to what's been to what can be better tomorrow.

A review that works involves a number of things, but first and foremost is the process of identifying what has gotten in the way of better performance (regardless of the level of performance), and how the Sales Manager and staff can work together in the future, to improve it. It's really that simple.

When Sales Managers put away the "blaming stick" in reviews and move to a cooperative, dialogue approach, the whole process can become more comfortable and effective. Because, it puts the Sales Manager and staff on the same side, and working towards the same goals, getting better and better.

Sure, we do use Performance Reviews for a number of reasons but if we are going to get real value out of the time and energy we put into them, we have to look at the process in a more constructive way. And, bottom line, that's making performance better.

• **WHY DO SO MANY SALES MANAGERS FAIL AT EMPLOYEE EVALUATIONS?**

- They don't know how to properly evaluate.
- They don't prepare for performance reviews.
- They don't give adequate notice to salespeople so they can prepare for the job review.
- They don't define job expectations.
- They don't set realistic and achievable goals.
- They lack an organizational plan.
- They don't communicate well with salespeople.
- They allow impressions, biases and prejudices to cloud their assessments.
- They're afraid of ruining their personal relationship with salespeople.
- They destroy salesperson morale and self-esteem by attacking the person rather than the act.

No one said being a Sales Manager was going to be easy. And being responsible for another person's career and future is indeed overwhelming and scary. Don't panic! You're not expected to become an expert overnight. Try to relax and begin to think in a logical fashion. Realize that your job will be much easier if you can get your salespeople to be working with you instead of against you. It's just as important for a Sales Manager to form the correct work habits from the start as it is for the salespeople. Good organization, good direction and open

communication are key elements to making this happen.

- **WHAT MUST A SALESPERSON DO BEFORE HE/SHE CAN BECOME SUCCESSFUL?**

- Know what to do and why.
- Learn how to do the job well.
- Be provided with the necessary tools, aids and support for doing the job well.
- Know if and when the job is done well and how to improve if needed.
- Be provided with on-going coaching, training and skills development.
- Be rewarded and motivated in order to continue doing well.

Just imagine how successful your sales department will be if each of your salespeople fits this description. It's been said, *"If you keep the crew happy, you can't go wrong."*

So before you can fairly evaluate each salesperson's job performance you must clearly define the goals, objectives and standards for that position. Sit down with the salesperson and together create a job and performance plan. The work plan should detail what is expected, how it is to be accomplished and by when it is to be achieved. Keep in mind the level of experience that the particular salesperson has. Be reasonable with your assignments and expectations and set achievable goals. Of course, as the level of experience increases, your expectations from the salesperson should also increase. Then arrange frequent meetings for reviewing the plans and for reviewing the salesperson's performance. When you are willing to request the salesperson's input and are able to obtain agreement, you gain a greater commitment to the project and to the plan. And you begin building the team that will help make your department successful.

- **WHAT IS THE VALUE OF FREQUENT PERFORMANCE REVIEWS?**

- They facilitate communication between the Sales Manager who provides the work and the salesperson who performs it.
- They help to clarify work performance versus work expectations.
- They are a means for helping salespeople to evaluate the practicality of their ideas.
- They allow the salesperson to suggest changes and make improvements.
- They enable salespeople to identify their weaknesses.
- They enable salespeople to be praised for their accomplishments and to reinforce their strengths.
- They help to point out problems with the plan itself and to identify when coaching or skills enhancement is needed.

When you include salespeople in their own job planning, performance reviews, problem solving and decision-making, you help build their confidence as well as yours. In addition,

working together also means that everyone will become aware of potential problems and will be able to take the positive steps toward solving them.

Keep in mind that before you can achieve your own personal goals and objectives, your sales department as a whole must achieve its goals and objectives. Your success is dependent upon your departments' accomplishments and your effectiveness as a Sales Manager and a leader.

A word of caution. Never rely on memory. Every job, plan and job review should be recorded as soon as possible. When reviewing performance, only document and discuss facts and observations, not opinions or here say. It's just as important to keep accurate and up-to-date records for salespeople who are doing well as for salespeople who aren't. Because, when it comes time to determine spiffs, promotions, recommendations for improvement, discipline or terminations, the action must match the documentation. Strive to be fair, unbiased and consistent with all your salesperson ratings at all times. And realize that both positive and negative feedback if communicated properly can help to motivate the salesperson to want to improve performance. Before you go over the evaluation with the salesperson, let him evaluate his own performance. You'll be surprised at how often salespeople tend to be more critical of themselves than you are of them. If you are sincere in aiding a salesperson's progress, you will encourage an exchange of ideas and information which will ultimately produce better results. Never point out what is wrong without showing how it can be improved. It then becomes the employee's responsibility to want to make the desired changes.

• **WHAT HAPPENS WHEN THERE IS MINIMAL PERFORMANCE FEEDBACK?**

- There is no record of accomplishment.
- There is no indicator of work performance versus goals and standards.
- There is no equitable way to evaluate for promotions, raises or discipline.
- There is low salesperson morale.
- There is lowered productivity.
- Department costs increase due to inefficient operation.
- There is a loss of business.

• **WHAT WILL HAPPEN IF YOU PROVIDE EFFECTIVE PERFORMANCE FEEDBACK?**

- You can determine if goals are being met.
- You'll have improved communication.
- You can clarify goals and objectives and reduce misunderstandings.
- You can recognize problem areas early.
- You can recognize problem salespeople early.
- You can reduce salesperson anxiety.

- You can recognize and acknowledge outstanding performance.
- You can increase productivity and salesperson commitment.
- You can encourage salesperson input and creativity.
- You can create new opportunities for salespeople and for yourself.
- You can create an income generating department.

We all need to have a level of performance to attain. This gives us something to strive for. And those salespeople who know they are doing or exceeding what's expected of them continuously exhibit high job satisfaction and high performance and productivity.

Chapter 28

Firing — Making an Uneasy Situation Bearable

“A leader is best when people barely know he exists, not so good when people obey and acclaim him, worse when they despise him. But of a good leader who talks little when his work is done, his aim fulfilled, they will say: We did it ourselves.”

— Lao-Tzu

“As long as you keep a person down, some part of you has to be down there to hold him down, so it means you cannot soar as you otherwise might.”

— Marian Anderson

The most unpleasant and gut wrenching task you’ll ever face as a Sales Manager is that of firing a salesperson. I can honestly say, it’s an event that never gets easy and one that can eat away at your conscience if you don’t prepare yourself correctly from the start. During your tenure you may have to dismiss salesperson for reasons that are beyond your or the salespersons’ control, such as a poor or declining economy. Relaying the sad and often unpredictable news is not easy, especially when it creates hardships for those involved. Hopefully, these will be rare occurrences in your career.

However, with the exception of theft, violence, destruction of dealership property and other similar situations, all of which would warrant immediate termination, the majority of the cases will evolve over an extended period of time. The circumstances generally are prolonged poor performance, abuse of dealership rules and standards, insubordination and the inability or unwillingness of the salespeople to change after repeated consultations and warnings.

Regardless of the situation, the decision to fire a salesperson should come only after you’ve satisfied yourself that you’ve done everything possible to prevent the termination from occurring. And in

today's lawsuit crazed society, it becomes imperative that you take every precaution to protect yourself and your dealership from any wrongful dismissal suits. You're probably saying to yourself, "This sounds like you're doomed if you do and doomed if you don't." Not really. Your greatest defense is to begin keeping extensive records for all salespeople, over-achievers as well as under-performers, so that you can validate and justify the dismissal, as well as perks and spiffs. Just follow the rules and the laws and make certain that your dismissals are for bonafide business reasons rather than for personal prejudices, personality conflicts and other discriminatory practices.

To help minimize your need to fire, try to hire the right people for the jobs from the start with equal opportunities given to all qualified applicants. Then make sure that every salesperson, both new and existing, is thoroughly acquainted with dealership rules, policies, ethics, etc. If necessary, have the salespeople sign their names to indicate they understand the terms of employment. In your dealership handbooks and manuals eliminate the words "permanent or life-time employment" and replace with "full-time employment". Eliminate "discharge for good cause" and replace with "discharge at managements discretion". Little things like this can save your dealership major headaches later on. And by all means, give your salespeople an equal chance to succeed through training, coaching, motivating and regular performance reviews. There is nothing worse than springing the bad news on a salesperson without advance warning. Besides, keeping salespeople informed of their standing will place a greater share of the responsibility on them and at the same time, protect you and your dealership from being liable.

When all else fails, there are certain steps you should follow to make the task of firing more organized and hopefully more bearable.

- **GET INPUT FROM OTHERS BEFORE MAKING A DECISION**

Talk to as many people as necessary to reduce your own uncertainty, and to be sure that the decision, once made, is irrevocable. This does not mean that the salesperson's job performance or present status should be known throughout the dealership. The consultations should be done privately, and at a high enough level to insure confidentiality. If you do have to consult with the other employees, be sure that they know the importance of remaining silent. One of the worst things that can occur when firing is for the employees to learn of what is about to happen through the grapevine.

- **BE SURE THERE IS NO ALTERNATIVE**

Under no circumstances should an unsatisfactory employee be kept on the payroll simply as a reward for seniority, loyalty or as a comfort to the dealership's conscience. An incompetent

employee can hinder the efforts and morale of the other employees, as well as the efforts of the dealership as a whole. But before you can make a final decision, ask yourself these three questions:

- Was the salesperson given ample warning and sufficient time and supportive help to change?
- Was the salesperson hired into the wrong job from the start which would explain part of the incompetency?
- If so, will a transfer to another department altogether be the answer to the problem?

Consider the responsibility of maintaining the dignity of the about-to-be terminated salesperson, as well as the best interest of the dealership.

• **AVOID SLOW FIRING**

In most cases, once you inform the salesperson that he is being terminated, it's best to make the action effective immediately. Keeping this person around until he relocates will not be productive. The person's interests and energies will obviously be directed toward job hunting and not toward his salesperson duties. At the dismissal interview, make sure you have all monies owed ready to give to the salesperson. This will include vacation pay and commissions. Also, make sure you explain any other benefits he is entitled to. Being fired is traumatic enough. The salesperson shouldn't have to fight for what is rightfully owed to him.

• **WHEN TO FIRE**

Telling the salesperson he is fired and then letting that salesperson continue working the rest of the day as though nothing has happened, is cruel and unrealistic. The salesperson is not going to do much work and he may be resentful enough to want to create trouble. And if the other salespeople know that someone has been fired, it may create even more discomfort and embarrassment for the leaving salesperson. My personal preference has always been to fire at the end of the day and week. This way the salesperson will not have to face his co-workers and he can use the weekend to blow off steam before starting the job search. However, even I haven't always adhered to my philosophy. Some experts in the field recommend dismissing employees during the early part of the week so they can start their job search without any lapse in time.

- **PICK A SETTING WHERE YOU ARE COMFORTABLE AND IN CONTROL**

Choosing the appropriate location for the dismissal interview is just as important as the location used when counseling or disciplining a salesperson. Privacy and an enclosed room should be a primary consideration. Request that you not be interrupted with phone calls or knocks on the door. And it's best to sit directly across from the salesperson rather than next to him so that you can maintain eye contact while talking. This is serious time not a social hour. Have all your files, papers and notes directly in front of you so that you won't be scrambling to find them. Both you and the salesperson will be tense enough, don't aggravate the situation by creating additional tension.

- **BE DIRECT, CLEAR AND HONEST**

When talking to the salesperson, have all the relevant facts available. If the salesperson wants to hear those facts, be as direct as possible. Have the salesperson's personnel file in front of you, as well as all other pertinent information that supports your decision. Tell the salesperson candidly and forthrightly he is being terminated and exactly why. If you've been giving your salespeople a performance review all along, this news shouldn't come as a total shock. Don't beat around the bush by using language that is softer than the action you are referring to, but at the same time, be considerate and humane. Choose your words carefully. Call the action what it is, "fired," "terminated". The other phrases such as "We can't use you anymore" or "We're letting you go" may seem less painful to the listener. However, they may also distort the message being conveyed, giving the salesperson false hope.

- **ACCEPT RESPONSIBILITY**

Don't try to save face by naming someone higher up in the dealership as the scape goat or decision-maker. Making impersonal statements such as, "It has been decided that" or "The General Manager has concluded", gives the salesperson the impression that you are only a "figure head" Manager rather than the person in charge of the sales department and in charge of the decision. Explain that after reviewing all the facts, this was the only possible decision you could make.

- **DON'T APOLOGIZE OR GIVE HOPE**

Once the message, "you're fired" has been delivered, you may feel tempted to soften the blow with an apology. Don't! Apologies convey false hope. If you say, "I'm sorry" or "I regret the position you're in", the employee may interpret your words as

meaning, "I'd do something to change the situation if I could". Show your concern and regret in non-verbal ways. Allow the salesperson to vent his feelings without interruption. Don't communicate anything to the individual that will make the firing decision seem tentative and subject to appeal. If the individual asks if there is any chance for appeal or change in the decision, firmly reply no.

- **CONSIDER HAVING A WITNESS**

With most firings, a witness is unnecessary. The two individuals can communicate without the need for verification. If there is any chance that hostility will turn into physical threat, or if there is a chance for legal action by the salesperson, a witness is a good protection. Some dealerships will require that a witness be present at all firing meetings. However, the witness should not participate in the conversation, and should remain inconspicuous so as not to create defensiveness.

- **BRING RELEASE FORMS**

Many dealerships will have release forms to account for demo keys and other materials used by the salesperson. For protection purposes, there may also be forms that need to be signed regarding the termination. Make sure you get all necessary signatures and materials before the salesperson leaves because you may have a difficult time acquiring them later on.

- **MAKE A RECORD OF ALL THAT IS SAID**

Take notes on what you said and any rebuttal the salesperson gave. With the salespersons' knowledge and approval, you may also want to tape record the session. It might be wise to have both the Sales Manager and salesperson sign a document attesting to the accuracy of the firing. Take special notes of threats, innuendos and accusations and be mindful of things that may have been left unsaid and undone.

- **PROVIDE ASSISTANCE**

Write fair letters of recommendation. Just because this individual couldn't work well in your department, doesn't mean he has to be branded for life. If a job in another location in the dealership is feasible, by all means explore the possibility.

- **INFORM THE OTHER EMPLOYEES**

The gossip mongers are always at work, especially during such emotional matters. So, to keep the rest of your salespeople calm and from jumping to erroneous conclusions, plan to announce the firing decision to co-workers as soon as possible. Make your announcement after the fired salesperson has left and be specific. Tell them directly that he has been terminated and respond to any questions carefully. Protect yourself by not revealing what should remain confidential. It is only natural for the other employees to feel concern about their own job security. Right now they are looking for reassurance, and not details regarding the shortcomings of the fired salesperson. It's very possible that the fired salesperson has already told his co-workers his version of the firing. Assuming that his version may differ from yours, avoid any argument with other employees over the interpretation of details. Such information serves no useful purpose and may trap you into saying something you should not say.

- **DON'T BURN BRIDGES**

It is to your advantage to handle the situation professionally and ethically. Poor handling of an employee termination can tarnish the dealership's reputation and yours as well. Don't lose your temper during the session, even if the salesperson loses his. As an alternative, you may consider offering the salesperson the chance to resign instead. A resignation gives the impression to others that the salesperson, and not the dealership made the choice, which may make it easier for him to get another job. The choice to resign may also alleviate some of the negative feelings the salesperson may have about the dealership. Although a resignation looks better on record than a firing, the downside could mean that the salesperson loses the chance to collect unemployment compensation. Make sure you check on the laws before you make the offer.

The only sure thing to firing today is the growth in the number of wrongful dismissal suits. We have become a lawsuit society, going to court for relief over an amazing array of issues. Many cases evolve because of simple misunderstanding between Sales Manager and employee. Others, of course, are more complicated with discrimination against protected groups being the focal point. Therefore, it is extremely important to carefully document everyone, especially each person violating a rule.

More important than documentation is the extent of fairness and evenness that Sales Managers show in documentation. For example, if a certain salesperson is documented for coming to work late, it is important that all salespeople coming to work late be documented.

A Sales Manager can single out a problem, but he cannot single out an employee. If a salesperson has been violating a dealership rule for some time, you cannot necessarily single him out and dismiss him, even if his case has been documented. Before taking any action, the Sales Manager must notify all salespeople that in the future, all salespeople coming to work late will be violating dealership rules, and management will now enforce these rules. One salesperson cannot be dismissed for coming to work late if other salespeople are not held to the same standards.

No one should go into management with the intention of looking for the wrong in employees. But let's face it, sometimes things just don't work out and your only option will be to dismiss the employee. Before you take that final step, make certain that you've taken these steps:

- You've been documenting the employees' shortcomings.
- You've given the employee every chance to improve.
- Your observations were based on work related issues.
- Your final decision to fire is because the employee didn't improve.

To learn more about the laws regulating hiring and firing, contact your legal associations, and state and federal agencies for free literature and guidance. Prevention is the best medicine. Be prepared and informed before you make that final decision.

Chapter 29

Handling the Stress of the Job

“To laugh often and much; to win the respect of intelligent people and the affection of children; to earn the appreciation of honest critics and endure the betrayal of false friends; to appreciate beauty, to find the best in others; to leave the world a little better; whether by a healthy child, a garden patch or a redeemed social condition; to know even one life has breathed easier because you have lived. This is the meaning of success.”

— **Ralph Waldo Emerson**

“Success is the ability to go from one failure to another with no loss of enthusiasm.”

— **Sir Winston Churchill**

Management is an exciting, challenging, yet stressful job. Having to be responsible for the success of a department, as well as your salespeople, can keep any Sales Manager’s nerves on edge. Therefore, any situations that occur either at work or in your personal life that place extra demands on you can push you into the danger zone if you don’t learn to handle them properly.

Because of individual circumstances, and emotional and physical characteristics, no two people react to identical situations the same. Stress then is defined as:

The personal effect of some particular change(s) or event(s) in your life.

The events themselves do not cause the stress. It’s how you perceive them and deal with them that makes the difference. Also, how you manage stress depends on the state of your overall health and well being. When you are fit and well you tend to handle stressful events more easily than when you are ill and weak. The stressors can come from external sources such as family, job, friends, environment, or from your own internal pressures, such as being over-ambitious, materialistic, competitive, aggressive, etc.

- **STRESS AT WORK**

The impact of stress follows you everywhere. When you are stressed at work, you can become ill or unhappy, interact poorly with employees and peers, and perform poorly. These same problems, if not managed properly, can also affect your relationships and behaviors away from work. Since each individual responds to identical situations differently, it's important to determine what is bothering you. Learn to change what you can and to accept and manage what you cannot change.

- **STRESS IN YOUR PERSONAL LIFE**

The stress you feel in your personal life can come from a variety of sources. Some of these stressors can be major happenings, some can be minor. Some can be eliminated by your own perception of them, better time management, lowered expectations or less expensive needs and wants, while others cannot. Some of the stress you feel away from work can be directly related to the stress you're experiencing at work. Any change in normal life events, whether pleasant or unpleasant, can disrupt your every day behavioral patterns and place extra demands on you, thus inducing stress and some-times illness. The rate of change in your life coupled with the number of changes taking place at any given time is proportional to the degree of stress you feel. *You need to learn to manage stress before it manages you.*

Unrelieved stressful situations can manifest themselves into various symptoms and changes of behavior. If they are not identified and managed effectively in the early stages, they can cause even more serious difficulties later on. Check the signals below to see if any of them apply to you.

- **SYMPTOMS**

- Frequent headaches
- Break out with rash
- Nausea
- Stomach disorders
- Back & neck pains
- Chest pains
- Heart palpitations
- Anxiety
- Trembling
- Nightmares
- Sweating
- Depression
- Excitement
- Withdrawal
- Forgetfulness
- Emotional tension
- Fear - real or anticipated
- High pitched nervous laughter
- Increased blood pressure
- Unusual weight gain/loss
- Excess nervous energy
- Increased alcohol consumption

-
- Insomnia
 - Lowered resistance
 - Wake up tired
 - Muscle spasms
 - Lethargy
 - Confusion
 - Argumentative
 - Frustration
 - Accident prone
 - Increased caffeine consumption
 - Increased sugar/salt consumption
 - Increase/decrease physical activity
 - Negative thoughts
 - Reliance on drugs, legal/illegal
 - Reduced concentration
 - Appetite loss/compulsive eating
 - Loss of patience/tolerance
 - Loss of humor

If you have one or more of these symptoms, chances are you'll need to change your behavior to help alleviate the negative stress in your life. The operative word being *negative*.

Stress can also be positive! Think of the stress involved in planning a vacation, winning the lottery, or being promoted to a new position. Since stress is anything that causes your system to respond, these wonderful enhancements in your life will cause a response, only it will be a positive response.

Positive stress may also allow you to perform your job better. Many Sales Managers say they do their best work when their backs are against the wall. They wait till the last minute to complete a task because they respond better under pressure. So not all stress has to be negative. How you handle stress becomes the issue.

If you are experiencing negative stress, you need to learn more than this chapter can give you. Being that we are not experts in this field, we cannot help you with a problem that goes deeper than this chapter can explore.

Here are a few questions you can ask yourself that might give you some answers.

- **WHAT IS THE PROBLEM?**

If the stress you are feeling is being caused by some situation you are currently experiencing, try to identify the problem(s) and who is being affected by this problem.

- **WHAT IS THE CAUSE?**

Your stress may be caused by one or many reasons. You need to list as many causes as possible and choose the ones that are most likely the real stressors.

- **WHAT IS THE SOLUTION?**

List as many solutions as possible and proceed to determine which solutions are the most likely to work. Consider the positive and negative effects, and eliminate any unworkable solutions.

- **HOW CAN I PUT THE SOLUTION INTO EFFECT?**

Develop a plan of attack to eliminate your stress. It won't just happen by wishing it to go away. List all the tasks to be completed and assign a time limit for its conclusion.

Don't expect the solution to happen overnight. It took time to get to this point in your life, you can't expect it to just disappear. It's better to have an organized process for solving your problems, than to just wish the stress would go away.

There will likely be a change in your life or your behavior. This can be a stressor in itself. Realize that what you're trying to accomplish is good for your life because it will ultimately help you to become more comfortable.

Chapter 30

Organization — If My Head Wasn't Attached!

“Organization doesn't really accomplish anything. Plans don't accomplish anything either. Theories of management don't much matter. Endeavors succeed or fail because of the people involved. Only by attracting the best people will you accomplish great deeds.”

— **Colin Powell**

“The trouble with organizing a thing is that pretty soon folks get to paying more attention to the organization than to what they're organized for.”

— **Laura Ingalls Wilder**

- **OH NO! I FORGOT TO ORDER WORKSHEETS.**
- **I THOUGHT I SAW IT IN THIS STACK OF PAPERS.**
- **I CAN'T FIND THAT PHONE NUMBER.**
- **I'M NOT SURE WHERE I PUT THAT DEAL.**
- **MAYBE I TOSSED IT OUT BY MISTAKE.**
- **MEETING, WHAT MEETING?**
- **WHERE IS THAT VACATION SCHEDULE?**

Do these excuses sound familiar? If so, can you guesstimate the amount of time spent each week looking for things you can't find because you lost, forgot, didn't record, or misplaced them? Because many of these items are shared by others in the department, could your disorganization be affecting their work flow? If you're losing time looking for things, are others in your department also wasting time looking for these same things?

• **ORGANIZATION VERSUS THE COST**

With the high cost of doing business, dealerships wishing to stay lean and mean are making organization a bottom-line issue. A few moments spent looking for “this” and few minutes wasted hunting for “that” can ultimately add up to a lot of dollars in unproductive manpower. In fact, some employers are resorting to hiring companies that

specialize in organization and clutter control to come in and show them how to make the workplace more efficient.

• **THE ORGANIZATIONAL TEST**

If you think your present organizational system — or lack of organization — may be sabotaging your ability to use your time wisely and perform effectively, take the following test.

Locate these items:

- Ten paper clips.
- Five blank folders.
- A sharpened pencil (if it's nubby, sharpen it).
- The latest finance rates and rebates.
- A gas ticket.
- A calculator.
- A refill to your stapler.
- Your advertising agents telephone number.
- The last deal you couldn't get financed.
- The get-ready-for-prep sheets.

You have only five minutes to locate at least seven of these ten items. If you succeed, then by all means carry on with whichever system you've been using. But if you took longer than five minutes, or if you couldn't locate the items at all, then it's time to re-organize your space and revise your work habits.

Effective time management requires defining, prioritizing, and updating your tasks with the help of To Do Lists, calendars and daily planners. Without these aids, it would virtually be impossible to remember what you have to do, where you need to be and when. With time and timing being critical, it's imperative that you are able to find what you need when you need it so that you can focus your energies on doing your job, rather than finding what is missing.

• **THE PARETO PRINCIPLE**

Realizing that you won't be able to organize every area of your life, you'll need to be selective as to what should be organized and how organized you'll need to be.

The Pareto Principle, also known as the 80/20 rule, mathematically divides everything into two major categories:

The Trivial Many and the Vital Few

This rule states that approximately 80 percent of the value comes from 20 percent of the resources, (The Vital Few Salespeople), while only 20 percent of the value comes from the remaining 80 percent of the resources, (The Trivial Many Salespeople). More specifically, 80 percent of your results as a Sales Manager comes from 20 percent of the things you do. Or, 80 percent of your dealership's sales comes from 20 percent of your salespeople. Or, 80 percent of the vehicles sold only comes from 20 percent of your product line.

Keeping this 80/20 rule in mind, concentrate on organizing your highest payoff areas first.

• YOUR ORGANIZATIONAL OBJECTIVE

Your objective for getting organized will be:

- to define what is high priority,
- to select a system that suits your job and your style of working,
- to select a system that, if necessary, is easily accessible by others,
- to incorporate all the necessary tools to help you with the execution of your tasks.

The expected final outcome should be reduced stress, improved attitudes and behaviors, and increased self-confidence and productivity.

• RULES FOR GETTING ORGANIZED

Here are some general rules to follow, and ideas to incorporate when getting organized:

- Keep organization simple for easy maintenance.
- Arrange files, supplies, etc. so others can understand them.
- Arrange items in logical order of use.
- Store items closest to where they'll be needed.
- Arrange frequently used items within easy reach.
- Group materials and equipment needed for specific tasks in the same area.
- Label everything simply, boldly, clearly.
- Use file boxes to store computer disks, index cards.
- Cross reference computer files on index cards.
- Use index cards as ticklers for major files.
- Clean and thin files frequently. Do major cleaning yearly.
- Keep desktop and desk drawers uncluttered.
- Use color coding for easy identification of files, etc.
- For protection, photocopy important documents and correspondence.
- Keep notepad next to phone.

- File business cards in albums or staple to spindle cards.
- Put frequently used phone/fax numbers in address book.
- Keep calendar and daily planner handy.
- Process and prioritize mail and other paperwork daily.
- Toss out mail that's of no value.
- Categorize and file mail that needs to be acted on.
- Re-direct mail that's of interest to others.
- Store excess items in storage cabinets.
- Keep "Things To Do List" and reminder list up-to-date.
- Label files according to how you think and work.
- Subdivide files alphabetically, by topic, by year, by number.
- Don't hold on to items because of sentimental value.
- Don't hold on to items because you may need them someday, even though you haven't needed them in years.
- Don't hold on to items because they are expensive, even though you'll never use them.
- Don't file something because you don't know where else to put it.
- File only if you'll need to retrieve the information.
- Store files that must be saved, but are not being used, in clearly labeled portable boxes if you need additional file space.

Although one man's clutter may be another man's organization, the impressions people get from someone who appears unorganized can last throughout a career. In the dealership world an organized Sales Manager denotes one who is a master of his environment, who can do the job effectively and efficiently, who is capable of greater challenges, and who deserves to be respected.

Think about it. The time spent getting and staying organized will be an investment in your future, and your sales department's success.

Chapter 31

The Customer — Your Raving Fan

"The single most important thing to remember about any enterprise is that there are no results inside its walls. The result of a business is a satisfied customer."

— Peter Drucker

"You'll never have a product or price advantage again. They can be easily duplicated, but a strong customer service culture can't be copied."

— Jerry Fritz

If you're like me, you've had plenty of experience with bad customer service. Just think about the last time you had a bad experience with a product or a service.

Perhaps the product or service did not live up to the sales pitch. Maybe the company was unresponsive to your calls or emails. Maybe they did not do what they said they were going to do. Or they gave you the run-around when you called to report a problem or ask a question.

If you think about it, all of these negative experiences boil down to one thing, a lack of customer service. And a lack of customer service usually stems from a lack of customer focus. It seems many businesses have simply lost sight of who they are really in business to serve.

Instead of the old saying, "the customer is always right," many businesses seem almost bothered by customers these days. In fact, I recently heard this saying from a company I know, "this business would be great, if it wasn't for the clients."

How ridiculous is that? We wouldn't have a job if it weren't for the customers who purchase our vehicles. Yes, sometimes customers can be difficult, but they are the reason we are in business. Our job is to serve

them. If they are upset, we should welcome the opportunity to find out why, and use that information to improve our customer service. Yes, sometimes you'll run into someone who is being totally unreasonable and you just have to deal with it. But very often, customer complaints uncover a problem or something we can improve upon.

So make it a point to really listen to your customers. Make a commitment to treat all your customers well. After all, giving great customer services is one of the best and cheapest marketing tools available. When you treat your customers well, or even better, when you deliver beyond their expectations, you will be rewarded.

Those happy customers are the same customers who will happily refer you. The opposite is also true. If you disappoint a customer, or don't deliver what you promise, or you just plain treat them badly, they will likely tell everyone they know how horrible you are. In fact, those disgruntled customers are more likely to talk about you than your happy clients. Unfortunately, that's just the way it usually works.

The good news is, it's not hard to give great customer service. You simply have to be aware and make it a priority. Here are some tips to help you offer stellar customer service.

- **BE ACCESSIBLE**

Your customers should be able to get a hold of you, or someone in your dealership, if they have a question or if they need service. Provide multiple ways for your customers to get in contact with you, such as email, phone, mail or fax.

- **RESPOND IN A TIMELY MANNER**

Make it your policy to return all phone calls or emails within 24 hours. And, if you cannot commit to that, then determine what timeframe you can manage and let your customers know upfront they can expect to hear back from you within that amount of time.

- **LISTEN TO YOUR CUSTOMERS**

Often when a customer calls or writes to complain, they just want to be heard. In fact, sometimes, just listening is all you need to do. Take the time to listen to what your customers have to say before you start responding or defending your vehicle or service. They may just have a point.

- **TREAT YOUR CUSTOMERS WITH RESPECT**

Even if the customer on the other end of the phone is acting irrationally, or being rude, don't lower yourself to their level by reciprocating. Treat everyone with respect and you will be respected in return. Plus, you never know when someone's just having a bad day, and they happen to be taking it out on you (we've all done it).

- **DON'T ARGUE WITH CUSTOMERS**

You can never win an argument with a customer. Because if you do win, you've more than likely alienated the customer and you've lost their business. We all know the customer isn't really always right, but instead of focusing on what went wrong and defending yourself, focus on how you can solve the problem or fix the situation.

- **HONOR YOUR COMMITMENTS**

If you say you will call back, then call them. If you made a promise, then honor it. Nothing spoils a customer relationship faster than being promised something and not getting it.

- **FOCUS ON MAKING CUSTOMER RELATIONSHIPS, NOT SALES**

The long-term success of your dealership rests on your ability to make long-term customer relationships. If you sacrifice relationships to make short-term sales, your business will be short-lived.

- **BE HONEST**

Don't promise things you cannot deliver just to make a sale. I see hype all over the web these days; everything is a quick fix or a silver bullet. It suckers people into buying the product, and then the product doesn't deliver. Think that customer is ever going to make another purchase from that business? Not likely. Be honest and direct about what your vehicles and services can deliver.

- **ADMIT WHEN YOU'VE MADE A MISTAKE**

No one's perfect. We all make mistakes; it's part of learning. So when you do make a mistake, don't try to cover it up or deny it. Just admit it and if necessary, do something to make the situation right. Your customers will appreciate it and they'll be more likely to stay customers.

So how does your customer service measure up? Are you practicing these tips and offering stellar customer service? If not, I challenge you to take your service up a notch. Approach it like Ken Blanchard and instead of just being satisfied with happy customers, create "Raving Fans" (a great little book if you haven't read it).

Commit to putting these tips into practice. Get to know your customers. Make them the focus of your business. It's one of the keys to marketing success and best of all, it doesn't cost very much!

TURNING DIFFICULT CUSTOMERS INTO RAVING FANS

If there is one thing that some dealerships have yet to master is the art of customer satisfaction. That's no fault of anyone because if customer satisfaction was that easy to master (if it can be mastered at all), there would be no need for customer service departments, customer service training, or books teaching the numerous ways to please a customer. The truth is, customers being humans, can never be satisfied. There's always something else that customers feel can be improved or tweaked for better service, especially when it comes to buying vehicles.

But, there are ways to deal with difficult customers and more importantly, turn them into raving fans of your dealership. Sounds impossible, but it has been done. The trick is, or rather, the way to achieve this is to get customer service back to basics.

Research has shown that customers turn dissatisfied very quickly not because of the price of your vehicle, but the bad experiences they've had with customer service. So, when customers turn difficult, understand that their frustration may have stemmed from previous experiences they may have had with other dealerships, or other companies they have done business with.

So how can you turn difficult customers into raving fans?

- **TAKE CHARGE OF THE SITUATION**

When a customer starts ranting, it's easy to get trapped into a war of words and end up with more trouble than you began with. The more difficult option, but the better one is to stay calm and take control of the situation professionally. Customers vent because they want to be heard and acknowledged, so allow them to do that. They will have to stop venting eventually and upon doing so, they would have realized that throughout the entire episode, you never once raised your voice or tried to blow them off. You actually took the time to listen to them and understand their frustrations.

You now have the opportunity to work with the customer in a calm and friendly manner, impressing upon him that you understand and deeply regret his predicament and will do everything possible to resolve the issue in the quickest time possible. With the situation taken charge of professionally, not only will your customer be thoroughly impressed, but you would have just made him a raving fan.

- **EVEN DIFFICULT CUSTOMERS NEED TO FEEL IMPORTANT**

Difficult customers rant and complain not just to be heard, but to feel important enough to contribute something constructive. Customers complain mainly for two reasons: 1) they feel they have been wronged and 2) they feel they're good enough to comment on certain aspects of your business.

Acknowledging the fact that all customers want to feel important and be treated well is the right step in turning them into raving fans. An effective way of doing this is to do a follow-up call with previously dissatisfied and unhappy customers and find out if your dealership has fulfilled all their needs and if there is anything else you can do for them. It's such an underutilized strategy that these customers will have no choice but to return to you again and again.

- **GIVE MORE TO GET MORE**

Another strategy to win over difficult customers is to practice the art of giving more than they've asked for. Someone said that the quickest way to a man's heart is through his stomach and it could be probably true that the quickest way to a customer's heart is by giving and giving more.

When customers have been accustomed to getting what they've paid for, giving that little bit extra can make a world of difference to them. For example, if a difficult customer is demanding a refund in service, something as simple as giving him his full refund with a complimentary oil change to compensate for all his troubles can make a difficult customer a raving fan.

So, when it comes to turning difficult customers into raving fans, it's really about getting back to customer service basics and paying attention to the details. Customers may never ever be fully satisfied, but that's the price to pay for being human.

Chapter 32

Moving Forward in Your Career

"The single most important thing to remember about any enterprise is that there are no results inside its walls. The result of a business is a satisfied customer."

— Peter Drucker

"You'll never have a product or price advantage again. They can be easily duplicated, but a strong customer service culture can't be copied."

— Jerry Fritz

At some point in time, you may want to be promoted to the next level, let's say General Sales Manager or even General Manager. You'll then need to have the insight, readiness and ability to predict what needs to be done and to begin a course of action to make things happen. This type of intuitiveness is what separates an average Sales Manager from an outstanding leader. With all of the responsibilities that you assume in a management position, it's those extra special qualities of visualizing to move forward, and sparking the support of your salespeople that can make those visions realities. Here's how you can use your initiative to get the job done.

• STAY PHYSICALLY AND MENTALLY FIT

We all work better when our minds are clear to focus on our jobs. Regular exercise, good eating habits and plenty of rest will keep our bodies strong and provide us with the energy and stamina needed to face each day. It's also important to keep the mind active. Going to seminars, reading books, and listening to motivational and business cassettes are some ways to help keep the mind informed and ready to handle the difficult situations that will arise.

- **LEARN WHAT NEEDS TO BE DONE, AND DO IT**

Managing with initiative means that you don't wait to be told what needs to be done. You must be able to spot areas for improvement, then have the drive and ambition to solve the problem without being told. This is one of the best ways to show upper management that you are capable of promotion.

- **BE CREATIVE, BE IMAGINATIVE**

Many times Sales Managers run their departments without flexibility; they believe there's only one way of doing things and they never deviate from the norm. Don't be satisfied with always sticking to the old standard tried-and-true way of doing things. Experiment with new ideas and management techniques. By taking a creative and imaginative approach to managing, you'll find that not only will you and your staff have a better time doing your work, but you'll also see that there are other ways of looking at things, which will inevitably keep those creative juices flowing.

- **USE A PROACTIVE APPROACH TO SOLVING PROBLEMS**

We often set goals, make plans, and implement them without ever trying to figure out what types of roadblocks might occur along the way. We try to imagine how a plan will work, but never ask ourselves, "What happens if it doesn't work?" or, "What problems could get in the way of our success?" By using a proactive approach, you can maximize your chances for success by anticipating and resolving problems before they get out of control.

- **PURSUE NEW IDEAS AND PLANS**

The longer you stay with a dealership, the easier it is to get locked into a certain mind-set and way of looking at things. This is only natural. But this is also the reason why sales departments become stagnant and salespeople lose interest in their jobs. There is probably someone out there who is doing the exact same job you're doing, only in a different and more efficient way. Your responsibility is to keep abreast of all new and promising ideas and plans within your field, and move your department forward. Will Rogers once said, "*You can be on the right track, but if you stand still, you're gonna get run over.*"

- **IMPROVE YOUR PEOPLE SKILLS**

As a Sales Manager you automatically take on more responsibility than you did as a salesperson. You weren't chosen for a management position because of your selling skills. You were selected because someone saw a spark of leadership in you. To perform your job better also means learning management techniques that fall outside the typical nuts and bolts

of your business. There is more to running your department than the actual tasks associated with your job. You must learn more about how to handle people than you ever did before. Your primary function is to assume the responsibility to manage, train and lead people. If you know how to handle people and if you can deal with the facts instead of the emotional aspect of those facts, you will automatically get the kind of production you're looking for.

- **ACCEPT USEFUL SUGGESTIONS GENERATED BY YOUR EMPLOYEES**

Don't think that you are the only one who has ideas and plans to make your department more successful. Among your salespeople there is a wealth of knowledge that's just waiting to come out. Encourage your staff to express their ideas; then study those ideas. If the ideas are promising, put them into use. This gives your salespeople a feeling of self-worth and the impression that they, too, are responsible for the department's success.

- **CREATE SUCCESSFUL TEAMS**

Action planning teams are the wave of the future. Allowing your salespeople to be create policies and procedures, brainstorm ideas, institute plans, and share in the rewards and successes of the department promotes their professional and personal growth. Remember: a Sales Manager's success is determined by the success of his salespeople.

You'll notice that a lot of what is mentioned in one chapter might be repeated in other chapters. That's because all of these topics overlap and re-mentioning them serves to reinforce their importance in aiding your success as a Sales Manager.

The opposite of a Sales Manager with initiative is a Sales Manager with indifference. Be the type of Sales Manager who will inspire your salespeople through your own actions.

