



# HOW TO PREP FOR THE NADA

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The National Automobile Dealers Association convention is here! You are either really excited or you're not. Either way, you will be going because you want to see the latest and greatest. You want to discover new ways to grow and perfect your business. But with so much to see at a convention so vast, how do you know what to look for and where to find it? Regarding your fixed operations and customer service, it can get very confusing. Everyone claims they have the "silver bullet"- the one thing that is going to shoot your business to the moon.

The following is a list of seven items to consider when navigating the convention. These seven points will simplify the NADA event and help you to determine what will work for your business and what will not:

1. **Technology:** Technology is not going to save you. It may not even help your business grow. After last year's convention, the big questions for dealers, general managers, directors, and service managers were, "Are we going too far into the tech world? Are depending too much on technology to solve our problems?" The short answer is yes to both questions. Over the past ten years, a typical dealership has committed an average of \$3,500 per month, per rooftop for the latest and greatest. What is worse, is that most of this technology is not being used by your employees. And in many cases, it is being used incorrectly, costing you greatly. Want proof? Ten years ago, when multi-point inspections (MPI's) were introduced into the market, businesses were told that having them would produce an increase of at least five-tenths per repair order and maybe even an hour or more. At that time, the national customer paid repair order average was 1.8. Today it is barely 1.3. Five years ago, we were told that tablets were needed for the write-up process. By using them, write-ups would be faster and easier. This new process was supposed to significantly increase survey scores and customer retention. Yet most found their survey scores to be the same and customer retention fell faster than a teenager in love. Over the past three to five years, we have been told that emailing, texting, and online reservation systems would significantly increase sales, customer retention, and survey scores. Again, in all of these categories, the numbers have dropped. Why? **BECAUSE WE ARE IN THE PEOPLE BUSINESS!** If you want to maximize your numbers and maintain them in any category, it's going to require incorporating a higher level of human interaction into your customer relations. In our industry, **technology should be seen as a tool to enhance human interaction, not replace it.**

2. **Increasing Service Sales:** To increase service sales you must seek out products and vendors that are talking about putting in a 2.5 hours customer paid range, including oil changes for non-luxury brands and 3.5 to 4.0 hours for luxury brands. Vendors should be talking about getting your effective labor rate in the 90 to 95% range of your door rate. These numbers are much talked about and much debated. In some circles they are seen as irrelevant. Let me assure you, they are as relevant as ever and your shop is capable of delivering them.



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The industry keeps dumbing itself down and making dealers feel like superstars when they have numbers in the 1.4 to 1.6 range. This is led and perpetrated by the manufacturers and they are wrong. Products that will help you toward increasing sales are: MPI's (if used and used correctly); service drive machines, testing breaks, tires, batteries and the like; and sales training for your people. If you visit a booth and they are not talking about these types of numbers, drink their free wine, grab a couple of their cookies, enter your name in their drawing, and quickly leave. If they are presenting these types of numbers, ask for proof. Ask to see the names of five customers where they have made this happen and where they sustained it for at least twelve months.

3. **Increasing customer retention:** To address customer retention, you should be talking only to those who can help you get your numbers in the 80 to 85% range, within nine to twelve months. It should not be entirely technology based. In fact, it would be best if didn't include technology at all. The approach should not revolve around giving away free stuff or offering free services, since that is not what ultimately draws people in and keeps them coming back. A recent survey stated that just under 70% of people who invest in a new vehicle, where the first oil change was offered for free, did not show up to get the free oil change. Instead, they went elsewhere and payed for it. What does that tell you? People know a gimmick when they see one. The free oil change thing has been done for the past decade. Customers may have gotten a free oil change, but in the process, they received bad service, got pretty frustrated and did not like it. Also, don't fall for "it takes time" to build customer retention. It does not. If a customer comes to you for service and they actually receive great service, they will come back. If they don't get great service, they will go elsewhere for great service, and they will pay more for it. Even if you are hearing the right things, ask for references.

4. **Increasing survey scores:** Only consider those who are talking about helping you get perfect survey scores within 90 days. I know perfect is a lofty goal, but it is possible. I find that if you do not set your goals high, your people will likely deliver a lot less. I find that vendors that offer to help you get *better* rarely get you the *best* scores. Instead, they only deliver good scores. You want GREAT! You want the BEST! You want PERFECT! The vendors and the products they are offering should be no more than 20% technology driven and no less than 80% human-to-human, contact driven.

5. **Setting-up "fast" oil change centers or departments on your drive:** Stay away from those who build their process around how little time it takes to perform the service. Customers really do not want fast service, they want great service. You should only focus on suppliers who show you how to achieve at least 1.5 hours or more.



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Otherwise, you are going to invest a lot of money in a department that loses money – big time. If you are going to make the effort to go down this path, and you should, you must do it with a main goal of making a profit from it. At the same time, you should also aim to secure top survey scores and customer retention. When you deliver a vehicle back to a customer and declare that “it is ready to go,” the customer interrupts this as meaning that the vehicle has been completely inspected and that there are absolutely no concerns. If you have not thoroughly inspected the vehicle, you cannot say that “it’s ready to go.” If you have not completely inspected the vehicle, you will lose money and customers over the long haul.

6. **The “hot” item for service departments:** This year, the “hot” ticket item looks like it is going to be a kiosk that totally eliminates the service advisor and allows your customers to drop-off their vehicles without talking to anyone. If the vendors offer these machines to be used for anything other than “night” or “early-bird” drop-offs, I would sit it out for at least two years to see how they work in replacing advisors for your competitors. Only when these companies can show you true evidence that the kiosk can successfully replace an advisor and increase business, would I consider them. For now, I would wait two years.

7. **Service Training:** Here are some very basic rules to follow regarding service training:

A) Stay away from free training supplied by those who are not in the service business but have products for your other departments. Free is rarely good.

B) Question service product suppliers about their training. Many times, what they refer to as service advisor sales training is little more than service advisor product training.

C) Stay away from the manufacturers and their training unless you are absolutely forced to use it under your franchise agreement. Why? It does not work. How do I know? Look at the numbers. If it worked, would their numbers be so low? As in the other categories we touched upon, you should only be talking to vendors who are discussing the numbers I posted: 2.5 CP low-line, 3.5 to 4.0 CP high-line; 80 to 85% customer retention within nine to twelve months; perfect survey scores within 90 days; effective labor rate in the 90 to 95% range. These are the kinds of numbers Pro Talk delivers and that is what real training should deliver. If you are one of the many dealerships that is spending an average of \$3,500 per month on technology and software, and it is either not being used or is simply not working, do a quick assessment. Keep what works and cancel what does not. If you took half of what you are spending on technology and invested it in solid sales and customer handling training, you would likely accomplish your goals, which should include high profitability, customer loyalty, and surveys that sing your praises.



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Ultimately, most people who attend conventions are looking for the latest and greatest, the new shiny object, or the silver bullet. You already have it. It is your people. If you go to the convention, while you are looking at the various products, the only question you should be asking yourself is, “How will this make my people better at enhancing the human-to-human interactions they have with customers?” If a product does not address this issue or if it attempts to decrease the amount of time your employees personally interact with your customers, the product will be moving you away from your goal to **deliver world-class service, by world-class experts, who provide a world-class service experience to a customer who demands just that – world-class service.**