

# Business is Back to Normal! Why Doesn't It Feel Normal?

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

New vehicle sales are down over 35%. Gross Profits are down. When will things get back to normal? I remember when you had to spend a minimum of two hours with a customer just to get them to the closing office. You had to negotiate the deal and give reasons and explanations for your figures and at the same time discount the customer's figures until you could arrive at a figure the customer could live with. Then the customer would go into the business office and if he or she had the required down payment and good credit the vehicle would be delivered. If the down payment was not sufficient or the credit was marginal, the General Manager or Dealer would try to get the deal done at the captive finance company or the bank.

Good salespeople who worked hard at getting better in their profession were the ones that made the most amount of money. They did it by using their selling skills, their negotiating skills and prospecting skills to sell more vehicles than the inexperienced salesperson.

Then something happened. The good customers who were smart and intelligent were now going to the internet manager because there was no gross profit opportunities with this type of customer. Secondly, the salesperson on the floor did not want to wait on these tough, low gross customers. They were waiting for Larry and Loretta, who would come in and just want a vehicle if they could get financed. If they had a job and at least paid someone on time in the last five years, they were approved for a certain vehicle. Most of the salesperson's work could be accomplished in fifteen minutes. Sometime the only time a customer drove the vehicle was when they were leaving after signing the papers. The gross on these deals were anywhere from \$2,000.00 to \$8,000.00. The salesperson who was lucky enough to get this customer made a lot of money.

The Managers then started getting involved by having the salesperson prequalify the customer regarding credit or getting their drivers license before a test drive and getting a credit report to try to find what vehicle to put the customer in when they return. They started to set up a no-credit, bad-credit OK department and advertised that fact. Mailing programs were geared toward low credit score customers and get-me-dones and targeted residential areas that had the best chance to reach these type of customers.

Those days are over. We will be getting back to the normal process of purchasing automobiles and obtaining financing. The salespeople will have to know the sale process and be able to perform the steps to the best of their ability. They will have to learn why their product is better than their competitor. They will have to learn how to negotiate properly and fairly to come to an agreement of terms with a customer. They will have to learn how to prospect to bring in more customers for themselves and the dealership.

Will your managers and salespeople dedicate themselves to get back to basics and make training and role-playing an important part of their jobs? Some will and most won't unless they are forced to.

I always used the National Football League as an example why training is so important. By the time a player reaches the NFL, they have excelled in high school and college football. They learned and executed almost any play that any coach has ever come up with. They are the best conditioned athletes in the world.

However, if you took the best NFL players and made up a team and had them show up on Sunday and play a good College team that had practiced and had a "Game Plan". Who would you bet on? A NFL team has a play book. The play book is learned during preseason training and every player is expected to know that playbook backward and forward. Every week, the coaches develop a "Game Plan" based on the play book, based on their opponent. The players study the "Game Plan" and then they practice the plays all week until game time. Most NFL teams now use the 15 play process. The first 15 plays are predetermined and practiced every day at practice. The reason for this is that it puts all of the players and all of the coaches are on the same page and it allows the "Game Plan" to get started without regard to results. The only variance is third and long where a pass play could be called instead of a running play. The dealerships "Game Plan" is "The Road to the Sale" which was developed in the 1950's by Ford Motor Company. They took a sale, went backward, wrote down the steps and decided that these are the steps that need to be accomplished in order to sell a vehicle. If a salesperson attempted to accomplish these steps with every customer, their closing percentage would increase dramatically. It worked so well that, that the "Road to the Sale" has not changed other than for improvements or additions. The basics have not changed. Greeting, qualifying, product presentation, demo, service walk and closing room.

In order to succeed in anything, you must have a "Game Plan". A dealer has a "Game Plan". It is called his budget and forecast for the coming year or number of years. Yet in most dealerships there is not a "Game Plan" for the sales department. Everyone is doing their own thing until an offer is made. Then each manager has their own way of negotiating. That is why your weakest manager is the busiest. When the salesperson thinks gross can be made, he or she will go to your strongest manager. When they just want a sale, they go to your weakest managers.

When a customer comes into the dealership, he or she should be treated exactly the same by every salesperson based on the sales process the dealership has instituted. The deal should be worked the same, regardless of what manager is working the deal. The only difference is the manager turnover. The strongest manager should be sent in when gross needs to be made or held and the other managers sent in when a deal needs to be saved or set up for a be back. I have been to stores that do the 4 square system. If they just had it installed, it works. If it has been a while since the training, it just becomes a starting point. Once the figures are given, the salespeople and the managers revert back to their comfort zone and negotiate on what the customer wants.

It is a proven fact that the deal can not be closed until at least three price drops are made, why give up gross profit in the first two drops? A customer's figure should not be taken serious until the third drop, unless he has written proof of pricing from another

dealership. Sometimes small drops have to be done initially to move a customer up to a figure where we can close them. The problem is you cannot negotiate this way without everyone being on the same page and understanding what is trying to be accomplished. Having a “Game Plan” and working on it daily is the key.

I can set up a Play book and help your managers to develop a “Game Plan” because I have been doing it for over 30 years and it works.

Review my credentials at [www.jfanow.com](http://www.jfanow.com) and contact me at 630-542-9444 if you have any questions or need my services.