

# Salespeople are the Answer!

## But what is the Question?

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

The auto business has always been an up and down business, where the end of the month is always stressful and then the slate is wiped clean and a new month begins. One of the reasons for the push at the end of the month are the pay plans in place in the dealerships. They are bonus and performance driven and this leads to the push to increase paychecks until the pay period ends. The Manufacturers add to this by ending their programs at the end of the month or soon after.

Dealerships have tried all different type of pay plans. There have been the monthly pay plan, where the salesperson gets a weekly check and then after the month is over, they get the balance of what they are owed or they owe the dealership. There have been the staggered pay plan, where the Manager's pay is based on the end of the month and the salespeople's pay is based on ending the pay period on the 15<sup>th</sup>. This was based on the assumption that the Managers would push the salespeople at the end of the month and the salespeople would push the Managers during the first part of the month. There was the salary, plus bonus pay plans and the straight commission programs that looked like a salary plus commission plan, because of minimum wage requirements.

The reason why a majority of dealerships still pay salespeople on a commission based pay plan is because of the salespeople who have failed and left owing the dealership money on other, more stable type of plans. The second reason is the general feeling that if a salesperson doesn't sell cars, he or she doesn't make any money and the dealership doesn't lose any money.

We have a tendency to look at the money that is made and not the money that is lost. Lets base our assumption on the following figures. Lets take a dealership that has a 20% closing ratio and averages \$2,000.00 per delivery. If any salesperson waits on 10 customers and doesn't sell one of them, their commission is \$0.00. However, based on the averages, the dealership lost 2 sales and \$4,000.00 in gross profit. The longer that salesperson stays at that dealership, the more money the dealership loses. The problem is it does not show up on the bottom line. In most cases, your top performers will pick up the slack and the dealership will not suffer.

The Question is: "How do we get back to normal sales production and gross profits?: The answer is: "Salespeople are the answer!" Without a sale, there is no need for a facility, managers, office people or any other support for the salespeople. In some stores, salespeople are now vehicle selectors and once a selection is made, the managers take over. However, the better qualified and trained the salesperson is will decide how many closing opportunities the managers will have.

Salespeople, service writers and mechanics are the most important people in the dealership. Without them, there are no sales and no servicing of the customers. The

Managers are the support team of the salespeople. Without a sales force, they are only high paid closers, without customers. Why don't more managers worry and spend more time on making their sales force better? They don't have to. Most of them are paid a salary or a draw they can live on and anything over that is extra money. Salespeople come and go, but Managers normally stay for a long time. The reason is that salespeople are accountable and Managers are not. If sales are down, it is either the economy or the factory programs or the salespeople. Hire new salespeople and the problem is solved.

Take a percentage of that advertising money and invest in a training program for your Managers and Salespeople. Put a system in place that consistently advertises and looks for good people. When everyone starts to concentrate on the sales force and works to make it better and better, results will definitely get better.

In professional sports, when a team is not performing, the Head Coach is replaced, not the players. The new coach that comes in, understands that he must work with his players and make the most of their talents or he is gone.

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