

September -
October
2008



Turning Challenges into Advantages for 2008

By Scott Reas, Executive VP

Every era has presented both challenges and opportunities to the automobile dealer; economic, social, environmental and international to name but a handful. However, no era has ever had the impact or brought on the dramatic changes for all retailers that the Age of Information has.

This era's challenge is instant information, available 24/365. Today's consumer has 24 hours a day, 365 days a year instant and immediate access to all things considered! Never before has there been such open access to consume. Today's new car customer, armed with a computer or a smart-phone and access to the internet, has at their fingertips the ability to shop any and every conceivable brand, any and every conceivable combination of options and accessories, any and every finance and lease option from any and every dealer and lender, both locally and globally!

With regard to today's used car customer, who now has access to a virtual SPOT market of used cars; this means they have access to "best price first please" shopping on every used vehicle available in the world today; and has access to the best perceived price available on any make or model every minute of every day. Long gone are the days of a sixty (60) day turn of your retail used car inventory. If you take in a 07' Accord on trade for \$12,000.00 today and Enterprise or Thrifty decide to dump 07' Accords from their fleets tomorrow for only \$10,500.00 you LOSE BIG! That \$10,500.00 price goes out over the web first, via Black Book and Manheim Online, then via dealers web sites and you now have a car a day old that is fifteen hundred dollars (\$1,500.00) high on the virtual SPOT market; WELCOME to 2008!

Regarding the state of the finance and insurance in 2008; our F&I departments are no longer our customers' access to financing and areas where we attempt to add some F&I income; now they have evolved into real profit centers with the average gross profit per vehicle retailed (PVR) reaching \$1,000.00 on F&I product alone, and an additional \$225.00 PVR from accessories and aftermarket (NADA-SEMA fall 2007).

The current state of the economy, coupled with the weak dollar and escalating oil and gas prices, has today's consumers' loaded with excess debt. At least 35% of our customers are credit challenged and of this 35%, one-half are truly having credit problems (below a 550 beacon score). These consumers don't pay on time, are behind on payments or have had a repo or prior bankruptcy. To further complicate things, the lenders have taken the human equation out of the loan underwriting process; they don't trust their buyers to make good or resalable loans. So, all of the lenders are utilizing computer driven scoring systems to buy all of their loans; these scoring systems are driven by the current spot market for consumer loan paper and we all know the current view of Wall Street towards consumer debt. If our customers don't pass the computers litmus test for resalable debt; they are out of luck and thrown into the secondary or special finance market. (Continued Next Page.....)

Upcoming Events & Workshops

**2-Day Used
Vehicle Workshop**
Costa Mesa, CA
Nov. 4-5, 2008

**1/2 Day
Maintaining
Profitability In A
Declining Market**
Costa Mesa, CA
Nov. 6, 2008

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Jay Prassel

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Al Mullins

Continued from Page 1.... Turning Challenges

2008.....More models and brands than ever before, the Chinese and the Asian Indians knocking on our door, more information, lower sales volumes' forecasted +or- 13,800,000 Sold At Retail (SAR), more speed, little loyalty and smaller margins..

.....

So...how do our customers shop today? They do it via the internet - whether they are shopping for household goods, clothing or a mate they shop and compare via the internet first. The internet is now EVERYONE'S (from Gen Z to the elderly) window to the world. Our customers are drawn to websites that are easy to navigate, use and more importantly transact (BUY) at.

If one manufacturer or dealer comes up with a better (easier to use) website; they get the business. Your website is not just to offer your wares; it's to sell, to interact, to communicate, to give and gather information, to create relationships and build trust. It's both your best offence and your first line of defense; it must be as perfect as is possible, is it? Are you sure? Do you know? All of these questions merit answers.

The next area of importance at your dealership is lead management. Do you have an LM (lead management) department or CRM (customer relationship management) or BDC (business development center) department? For years in the car business, we have done a horrible job with customer follow-up/CRM except perhaps in fixed operations, where some of the domestic manufacturers have assisted us in developing our service data mining and follow-up skills so they could still sell us parts. —>

**"It's not the bow
and arrow.... It's
the Indian"**

~ Scott Reas
May 9, 2008

Maintaining Profitability In A Declining Market

1 Day Composite Analysis Workshop

(Composite Required)

IDENTIFY PROFIT OPPORTUNITIES

- Right-sizing Your Dealership
- Develop Action Plans
- Departmental Profitability Review
- Compare to Benchmarks

Agenda

- 8:30 to 9:00AM - Turning Challenges into Advantages ~ Scott Reas
- 9:00 to 12:00PM - Visual composite review with all Managers
- 1:30 to 3:30PM - Develop Action Plans with Management Staff
- 3:30 to 4:30PM - Exit Review with Dealer

Sales Grosses - F&I Productivity - Expenses (to Industry Benchmarks)
Service/Parts/Body Shop Gross as a Percent of Sales - Expenses
Personnel Productivity - Overall Net To Gross

Toll Free: 800.577.8015 or info@PremierPerformanceGroup.com

Continued from Page 2.... Turning Challenges

Now they are building better cars. In the past there was always plenty of warrantee work, so we were lax at chasing customer pay and lucrative maintenance work, that's changed. The factories are building better product and sticking to letter of the law with warrantee coverage. We now have many, many brands in the marketplace and they all run and run well. As a result, brand and customer loyalty is not what it once was. So when we do earn a customers business and we get them into our world, our web, we must keep them there forever and sell them for all their worth!

Today, to retain our customers we must acknowledge and regard them often and sustain communication and support across all mediums. We must have a lead management center where we log and record each and every opportunity that crosses, either our real or virtual thresholds, each and every minute of each and every day, 24/365. Our lead management center must then have the skills necessary to execute on these opportunities to turn them into sales. It must also maintain constant communication with our current, past and lost customers (defectors), ever vigilant at detecting buying signals and future needs of these customers.

When these signals are detected; lead management must be flawless in their ability to execute on these opportunities and turn them into sales. You must task the lead management center to contact and regard every last one of these logged opportunities that inquired about our dealership or brand. Staff must be competent in its ability and procedures to lead these customers from a simple inquiry from ours' or the manufacturers' website, to a telephone contact, setting and confirming an appointment to visit the store. If the customer does not contract on the first visit; then they must be able to re-set and re-confirm as many visits as are needed to complete the sale.

After the sale or the confirmation that the customer has chosen to BUY ELSEWHERE (defect), they must then continue the process to maintain constant communication with our current, past and lost customers (defectors), ever vigilant to detecting buying signals and future needs of these customers. And when detected, again be flawless in their ability to execute on these opportunities and turn them into sales.

What a dealer must do to insure continued success and profitability in 2008 and the future?

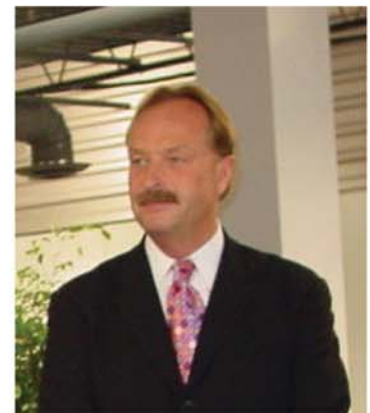
Take advantage of professional help....like the consultants and coach's of Premier Performance Group, LLC. With help from a competent third party consultancy, you can better structure and effectively implement proven LM and CRM processes; and begin to make more money...sooner. You deserve to have a better 2008!

Premier Performance Group, LLC is a national training and consulting company working with dealers on Net Profit Improvement. We offer programs for all dealerships, regardless of size or franchise. Programs include: In-dealership consulting, Profit Management Workshop (monthly), Used Vehicle Workshop, F&I Compliance, and Expert Witness Testimony / Consulting working with auto dealers. Premier has experience as a Dealer Group and Bank-Approved Chief Restructuring Officer, (CRO), working side-by-side with banks and Dealer Principals in the restructuring of out-of-trust dealerships or those that need temporary management status.

Contact us at 800.577.8015 or info@PremierPerformanceGroup.com.

Coming To You The Next Few Months:

- Maintaining Profitability In A Declining Market
- Right-sizing Your Dealership to Current Sales Volume
- Used Vehicle Department Profitability
Inventory Management, Days Supply
- BDC/CRM Opportunities



Scott Reas
Executive VP
Premier Performance Group, LLC

Direct Innovations is a preferred marketing partner of Premier Performance Group

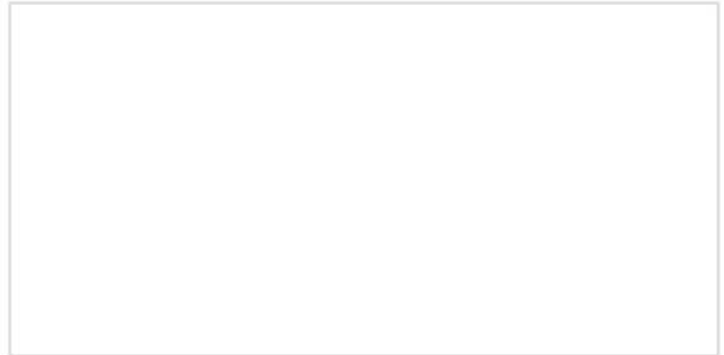
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**Turning Challenges
Into Advantages**



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Special Report

By Allan Mullins
Vice President
Premier Performance Group, LLC

Developing your Lead Management Strategy - Again!

September 2008

From *our* first days in the business way back in 1975, we were always told to “log your ups, log your ups and follow-them-up until they buy or die!” Most successful dealers, managers and salespeople have attempted this practice and many realized that improved process execution led to improved sales success! Fortunately, for most of us, there were many times that we had more traffic than we could handle *and* it only came in from two sources - the Showroom or the Phone. Throughout most of these past 33 years, when we experienced gas shortages, lines at the pump, high interest rates, the Gulf War and even 911, we still kept focused on trying to ‘log our ups’. Although these previously mentioned situations caused disruptions in our business, we always seemed to recover and sell more vehicles.

Today’s dealers, managers and salespeople constantly fight selling their brand of vehicles against more makes and models than ever and must compete for the Consumer’s ‘disposable income’ with an even bigger array of competition; i.e.- travel, home improvement, sophisticated electronics, etc.. Add to that the growth in the use of the ‘Information Highway - the Web’ and the individual dealership’s task can be overwhelming. Successful dealers today utilize the most current technologies to help them unravel the complexity of consumer’s shopping for new and used vehicles.

According to many ‘Industry Experts’, at least 80-90% of all consumers begin shopping for almost any product online prior to their phone and their actual Retail Outlet buying phase. Many customers complete the purchase of millions of items daily without ever touching the product itself or leaving their homes, a practice which is very limited in the Automotive Industry. Automotive Consumers still need to touch, drive and experience that new or pre-owned vehicle before completing their purchase - thank goodness! Realizing and taking advantage of this can improve sales results in your dealership but you must look at all of your customer’s activities, not just how many of them you have. It’s become a lot more complicated than just ‘logging your ups!’

Success today requires a deeper dive into the metrics of not just into how many ups did you log, but how many did you miss? Industry experts currently say the natural closing percentage is + or – 10%. This translates to, if you sold 175 new and used, you should have logged 1,750 ups! How many ups/opportunities did you miss?

Vehicles Sold	Closing Ratio	Actual Ups on Lot	Ups Logged	Follow-up on 75%	Missed Opportunities
175	10%	1,750	875	675	1,075

Most Dealers only log about ½ of their actual ups, in this example 875 and really only follow-up with 75% - those they *get on paper* or negotiate with. The 75% of the 875 would result in follow-

up on 675. If you subtract the 675 customers you attempted to sell and followed-up with from the 1,750 you should have logged, this means that your dealership missed 1,075 potential sales opportunities! If the natural closing percentage is 10%, that means you missed out on possibly 100 additional vehicle sales in one month alone! Imagine what 275 per month instead of 175 per month could do to your bottom line at the end of the year!

But improved logging alone will not be enough. Of the 875 ups that were logged in our example how far did they get through your Selling Process once they actually contacted you? Ask yourself the following...

- When you look at your Showroom Desk log, does it show mostly Sold deals?
- Does your Sales Management source the customer as a walk-in, phone or Internet to see how the traffic actually arrived at your Showroom?

Successful Desk Managers use their Customer Relationship Management (CRM) tools (or just their paper desk logs) to track *walk-arounds*, demos, T/O's and offers generated because they realize that a percentage increase in any category will show an increase in vehicles delivered.

Many dealers not only record and listen to their inbound Sales phone calls, but they also measure the number of appointments set, shown and sold. They monitor this information by team and by individual to realize the true efficiency of their incoming phone lead process in addition to tracking the effectiveness of their advertising sources.

In their Internet Departments, almost all dealers monitor their Lead Response Time (LRT), lead counts and sales, but the dominant ones also monitor their appointments set and shown from these leads to maximize their sales in that department.

Many dealers, dealer groups and even OEM's are using 3rd party Call Centers to insure that all follow-up calls are being made and receive tracking reports with the results of all these calls. When using compatible CRM and Internet Lead Management (ILM) tools dealers can determine when customers contact them in multiple ways; i.e. - Internet first, then phone and then walk-in or any combination there-of to make sure the information the customer receives is consistent in every communication. This area can build or lose credibility with many customers depending upon how accomplished dealership's staffs are at using their tools.

To complete the final Preferred Customer Consultation Experience (PC2), it is becoming more and more necessary to acknowledge the prospect with name recognition on a 'Welcome Board', a prepared customer folder and even in many cases a pre-selected vehicle of choice on display. This entire process is designed to enhance the perception of the prospect's first Retail Showroom Experience. Many dealers find that since they have put so much effort to get the customer through their front door, that they must still do everything possible to create an atypical dealership encounter that either creates a higher percentage of 1st visit closes or sets up a less confrontational stage for more successful unsold follow-up!

The best news in all of this is that everything covered in this article is about process improvements! Dealers that concentrate on improving these internal results spend no more on Advertising but stand to gain a lot more vehicles sold because of the increased sales process monitoring! Please email us at premierperformancegroup.com or just call 1-800-577-8015 to request your Free monitoring tools to improve your dealership's sales results today!

Premier Performance Group, LLC is a National Training and Consulting Group working with dealers to improve their Lead Management Processes and Net Profit Improvement. We offer programs for dealerships of all sizes and franchises. Our team is comprised of Retail Experienced Trainers with a solid record of dealership improvements as well as successful references.

KINSEL



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Phone: 866-566-7161 Web: KinselFord.com

August 23, 2008

Stephanie Cotti
Direct Innovations
2650 Fountain View Dr Ste 200
Houston TX 77057-7618

Stephanie:

I just wanted to share with you the recent success of our direct mail campaign that you did for us.

We received over 250 telephone calls and sold at least 25 units that can be verified. This was by far the most productive mailer that I have ever done. I am still getting calls after one week.

When our consultant, Jay Prassel of Premier Performance Group, suggested that we target our customer service database to let them know of the great incentives, especially on trucks, I was a little apprehensive as we never had much success with direct mail in the recent last few years. This has been the only good idea that he has had in the eight years of working with us. I, however, am taking all the credit.

I believe now that targeted direct mail, with a good clear message, produces results. Please have any of your dealer clients call me if they have any questions.

I thank you for your hard work and great diligence in making this such a huge success and I look forward to doing business with you in the future.

Sincerely,

A handwritten signature in black ink that reads "James McNutt".

James McNutt
General Sales Manager
409.658.4221 (Cell)
James5829@aol.com



By Jay Prassel
President & CEO

Here are just a few of my thoughts on why Kinsel Ford had such a successful direct marketing campaign. It's my opinion that it's more than just dropping 10,000 pieces of mail.

The database is the key. I personally like retaining our current customers and contacting them four times per year. They purchased from us and they are using our Service Department. Select a target audience, 2001-2006 Owners for example.

Scrub the names through the National Change of Address. Every year over forty million Americans move their place of residence and/or business. As a result, mailings continue to go to their old addresses. It is estimated that at least 8% of all mail is undeliverable because of incorrect addresses. This means lost opportunities, lost sales, and wasted money. Why the post office won't deliver mail:

Addressee unknown to carrier.
Addressee temporarily away.
Addressee's name misspelled.
Addressee's Street Address Errors.
Missing address line or street name.
No such or incorrect street.
No such or incorrect number.
Missing house number/ P.O. Box.
No such or incorrect apartment, suite, etc.
Missing or incorrect street directional or suffix
No such rural route number/rural route box.
Rural route address change to city-type address

Send a clear, clean message. I believe most customers are either immune or turned-off by "edgy" (unbelievable claims) advertising. Make it believable; let the consumer know about the incentives and discounts.

Track your leads. Utilize an 800 number to log the number of calls and gather telephone numbers and names. This will make everyone accountable; not only for our staff, but also the direct mail company.

Make sure your direct mail company provides the receipt for postage, date and number mailed.

I prefer a "real stamp" as opposed to an indicia or metered postage.

Make sure your entire dealership staff knows about the promotion, from the switchboard operator and porters.

Good direct mail isn't cheap, cheap direct mail isn't good.

Make sure it complies with your State Advertising Guidelines. The Attorney Generals are all over dealers for deceptive advertising. Most associations have lawyers who will review it for you PRIOR to mailing it. While Premier Performance Group is qualified as an expert witness in deceptive practice lawsuits, we prefer to have dealers avoid problems in the first place and will review it at no charge for association members.

Congratulations to James McNutt at Kinsel Ford and Direct Innovations for a successful marketing promotion.



Stephanie Cotti
Ph: 214.796.7206
Email: Stephanie@dimarketing.net

Fully Compliant, NOT a credit repair scam.

“...I couldn't fault the ad you forwarded, so I asked my partner Jean Noonan to look at it. We're both OK with it.”

~ Thomas Hudson, Hudson Cook LLP & CarLaw

Consumer Credit Workshop

“Understanding Your Credit Report”

“Removing inaccurate or outdated items”

Credit Repair Fraud Proliferates

from the Better Business Bureau web site – bbb.org

The truth is, no one can legally remove accurate and timely negative information from a credit report. But the law does allow you to request a reinvestigation of information in your file that you dispute as inaccurate or incomplete. There is no charge for this. Everything a credit repair clinic can do for you legally, you can do for yourself at little or no cost. According to the Fair Credit Reporting Act, you are entitled to a free copy of your credit report. You can also dispute mistakes or outdated items for free.

Avoid being a victim of credit repair scams

- Do not use a credit repair company that attempts to charge money before it has performed the credit repair services. (it's against the law to do so)
- Do not use a credit repair company that promises to exploit “secret” or “little known” loopholes in the system to remove information from your credit history.

This “No Charge” 90 minute Workshop will show you how to obtain your free credit report and how to understand what is being reported by the credit agencies. We also will provide you (a CD) with letter templates and instructions to dispute inaccurate info.

Even if you have less than perfect credit, learn how to:

- Buy a car at terms that are affordable
- Buy a home or refinance your current mortgage

Slow Pay? Bankruptcy? Repo? Judgments?

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When: Tuesday, May 13, 2008
7:00PM - 8:30PM

Go one block. Turn right on Centre Place Drive. Hotel is on the left.

Register Online or by Phone - Seating is Limited

CreditWorkshop.net/register

Toll Free: 800.577.8015

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