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Press Release - November 20, 2008

Hope & History – April Fleener @ Premier Performance Group

Below is an email copy sent to me by Jay Prassel from his long-time client, who knows that pro-active thinking can not only spread, but works! It is our hope, that you too find hope in these turbulent times. Stay positive, spread positive and be pro-active - call Jay and his team of Consultants at Premier Performance Group. They can help you, and your team, create the motivation needed to survive with both time-tested and innovative ideas that never seem to stop coming from my long-time boss and his team of very pro-active "old dudes".

"We want our dealer-clients picking up the pieces, not becoming them"

~ Jay Prassel, October 14, 2008

(Almost 15 years with Jay has taught me....not to pass up the opportunity to agree with "old dudes"! ~April :-)

From: Jay Prassel <jay@prassel.com>
To: Al Mullins <al@premierperformancegroup.com>,
April Fleener <april@premierperformancegroup.com>,
Barry Bourgeois <barry.bourgeois.bcg@gmail.com>,
Debi <queenofbdc@aol.com>,
George Ewing <george@premierperformancegroup.com>,
Scott Reas <scott@premierperformancegroup.com>,

Date: Thu, Nov 20, 2008 at 6:58 AM

Subject: Fwd: New Ford rebates

This email was sent by James McNutt at Kinsel Ford in Beaumont Texas. I've attached the NYT article from 1991 in case you missed the link when I sent it originally. Note: when he refers to "old dudes surviving", I remember 1990-1991 very well. James and Kinsel Ford have had success and have survived two hurricanes since 2005. They are strong on implementing ideas, such as the importance of customer retention utilizing direct mail and email campaigns.

Jay Prassel

President

"We want our dealer-clients picking up the pieces, not becoming them" ~ Jay Prassel, October 14, 2008



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February 11, 1991

Car Dealers Struggling To Survive

SPECIAL TO THE NEW YORKTIMES

Auto dealers have been going out of business in droves, and those who remain are adopting survival tactics. The intent is not only to lure customers, but to slash costs, motivate sales forces and bring more business to service departments.

Nearly all the dealers interviewed here over the weekend at the annual convention of the National Automobile Dealers Association said they were cutting employees and asking managers to do extra work. Others are providing entertainment to motivate their sales people, dismissing those who do not make enough sales, installing sophisticated financial controls and canceling advertisements. About 9,000 of the nation's 23,000 dealers attended the convention, a drop of 20 percent from last year.

Because more than half of the profit at many dealerships comes from operations like parts and used-cars sales and mechanical and body repairs, some dealers are going so far as to give away some services in the hope of attracting more business. Free Oil Change

Anyone who wants an oil change at no charge can stop by one of Vincent and Karen Radley's four dealerships in northern Virginia. While the oil is being changed, mechanics take note of potential problems, and nearly every customer is told that additional service or maintenance is needed.

"Ninety percent of the time, something needs to be taken care of," Mrs. Radley said, "even if it's only the Virginia inspection sticker."

And to save \$500 a month on utility bills, the Havill-Spoerl Ford-Mercury service garage in Fort Atkinson, Wis., is now being heated by a \$2,800 furnace that burns used motor oil.

About 1,200 dealers closed their doors in 1990, and J. David Power, an automotive consultant in Agoura Hills, Calif., predicts that 2,000 will close this year. Last week, the Chrysler Credit Corporation closed three Los Angeles dealerships belonging to Pete Ellis, one of Chrysler's biggest dealers.

Since the war started in the Persian Gulf, the already sluggish auto market has plunged to levels not seen since the oil embargo of 1979. The Big Three auto makers are posting huge losses and tens of thousands of auto workers have been laid off.

And while the economic climate is grim, it could be far worse, since interest rates are relatively low, making car payments relatively cheap, and gasoline prices have fallen while supplies have remained plentiful.

Part of the downturn is cyclical, since strong car sales never continue indefinitely, and the war has depressed sales by about a third. But marketing consultants, auto executives and even the dealers' trade group contend that automotive retailing is undergoing fundamental changes like those that have painfully altered the department store business.

The profit margins on new cars have plunged because the manufacturers have too much capacity in their factories, compared with the demand for cars. Also, many dealers invested in expensive real estate to enter the business, and the value of that property has plunged in many areas of the country. Fortunes on Main Street

While speculators struck it rich on Wall Street in the 1980's, many car dealers were building fortunes on Main Street. Dealerships were the most prosperous retail businesses in many towns, responsible for a significant number of jobs and tax revenues. Today, as before, their business depends on the confidence of retail customers, which several surveys have found to be at an all-time low.

Dealers also rely on their sales people, whose normally relentless enthusiasm has been dampened as the economy slowed and the gulf war began, leaving their showrooms deserted of potential buyers. "I'm convinced everyone is home watching CNN," said Mary Gezon, a Mitsubishi dealer in Grand Rapids, Mich.

While some dealers seek to build up their service operations, others seem content to wait out the recession, in the belief that new-car sales will soar with an economic recovery.

"As a group, dealers and sales people try to stay positive," said Allan Wilbur, public affairs director of the dealers' association. "They're suckers for positive news -- hope -- anything they can look forward to" that might re-ignite sales. "Like the end of the war," he added. Enormous Monthly Outlays

With investments in land and buildings running into millions of dollars and enormous monthly outlays to finance their inventories of

unsold vehicles, few dealers can afford to wait idly for buyers to reappear. Mr. Radley said he must pay about \$330 a month in interest to keep an Acura Legend sedan in his showroom.

Like many large corporations, some dealerships have grown fat and bureaucratic. They have had to cut expenses drastically and try to increase revenue in some unusual ways.

Dealers have been able to raise profits in tough times by selling products like rustproofing, paint sealants, fabric protection and extended warranties to new-car buyers. But in recent years, auto makers have improved paint, upholstery and warranty protection, reducing the need for many of the products. "Besides, there's too much competition to gouge customers," said Scott Norman of NCM Associates, an automotive consulting concern in Overland Park, Kan.

Jerry Slonsky, a General Motors dealer based in Kingman, Ariz., is spending \$20,000 to install his own "quick change" oil bay in one of his service departments to attract new customers. Instead of paying another company to fix about 20 nicked windshields each month, he is considering buying a kit so that one of his workers can do the job, saving \$5 or \$10 for each windshield.

To save money, Mr. Slonsky has also stopped buying pizzas for his sales staff on Saturdays.

Mr. Radley, on the other hand, contends that it is essential to keep his sales people in good spirits. "The other night we took everyone bowling," at a cost of \$120, he said. "And afterward, everyone was laughing and happy. It carried over to the next day. When you're selling, attitude is so important."

But Mr. Radley has also sent another message, dismissing the sales people who brought in the fewest sales at each of his dealerships.

The dealers' association is receiving scores of telephone calls a week from dealers around the country eager for advice on how to prevent their businesses from failing, Mr. Wilbur said. Ray Green, a Chevrolet dealer from Springfield, Ill. who is president of the group, has suggested that "the dealer and top managers should rent a motel room, to separate themselves emotionally from their businesses, and go over everything item by item -- parts, service, sales -- and make the tough changes." 'Cut From the Bottom'

"One trick," Mr. Norman said, "is to list everyone in the dealership in the order of whom you would hire back, and then cut from the bottom."

With every customer so precious, dealers are going to what would once have been considered extremes to shed their image as slick operators willing to deceive customers. Mr. Slonsky invites buyers back to his dealerships for forums "where they can tell us about the floormats the salesman promised them and they've never received."

Will Graves Jr. went so far as to post his home telephone number on every car he sold, part of an elaborate effort at his Chrysler dealership in Falls Church, Va., to convince customers that they were receiving straightforward, fair treatment and could find him if they had a problem. A Dealer's Luck Changes

But the dealership's sales dropped from more than 70 a month in 1988, when he bought the outlet, to about 20. As his cash dwindled, he said, he tried without success to get more credit from Chrysler's finance subsidiary. He fell far behind on his interest payments for cars he had not sold, he said, and in December half of his 36 employees agreed to work temporarily without pay.

Then on Jan. 24, at the request of Chrysler, Fairfax County deputies rushed into the dealership, blocked the driveways, seized more than 100 vehicles and padlocked the doors. Mr. Graves, who is married and has two children, said he lost his car and his house, had no money and owed Chrysler \$2.6 million.

Mr. Graves said he had begun working as a consultant to help other troubled dealers.

----- Forwarded message -----

From: <James [REDACTED]@aol.com>

Date: Wed, Nov 19, 2008 at 4:09 PM

Subject: Re: New Ford rebates

To: jay@prassel.com, [REDACTED]@lutherford.com, [REDACTED]@billutterford.com,
[REDACTED]@bobutterford.com

I walked into our nice little double wide trailer that is functioning as our sales offices, courtesy Hurricane Ike, about 8:15 this morning and a guy we delivered last night was there to get his car washed. Since he was here before anyone else he had made himself comfortable inside with a cup of coffee and patiently waiting for someone to show up. The first thing he asked me wasn't when he could get his truck washed or when his salesman would be in it was if I thought he did the right thing buying a new Ford truck and not that Toyota parked about 100 yards away. It only took a second to notice our local paper sitting in his lap and right there on the front page is another of those huge articles that would lead anyone to believe that American car companies are all but finished. After assuring him that we would be here to service him till the wheels fell off his truck I showed him a quote from another paper that was emailed to me. Here is what it said:

"Auto Dealers have been going out of business in droves, and those who remain are adopting survival tactics. The intent is not only to lure customers, but to slash costs, motivate sales forces and bring more business to service departments...Part of the downturn is cyclical, since strong car sales never continue indefinitely, and the war has depressed sales by about a third. But Marketing Consultants, Auto Executives and even the dealer groups contend that automotive retailing is undergoing fundamental changes..."

Sound familiar? Then I showed him the date. It's hard to believe that this article wasn't written in reference to the current economy, but rather for a market 18 years ago. The article originally ran in a February, 1991 issue of the New York Times. However, the points being discussed greatly resemble those which we currently face today. So what does that mean? The person that sent the email thinks we should see it as a light at the end of the tunnel and I agree. I shared the story of the old man and read the quote to all my people this morning and reminded them that some of us were in this business in 1991 when this downturn happened and some, well just you old dudes, were here for three or four more turbulent times in the past 50 years and we became stronger each time. We take the bull by the horns and somehow always turn adversity into something positive. We have veteran sales people, the best managers and a dealer that has made it through every one of these tough times. On top of that now we have Jay Prassel! What more could we ask for? Okay, okay, a fresh marketing plan from Ford instead of the same old crap year after year would be nice but I can't control that! I am going to hit my customer base with another direct mail campaign because I know for a fact that it brought me people that want to buy here and I am going to follow that up with an email blast to 25,000 people that have never bought from me. I will let you know how it goes!

Have a great day!

James

PS- Remember the old man? I saw him about an hour later looking over his freshly cleaned 2009 F150 waiting to have his picture taken for his calendar. I went and brought him in my office, opened him an E-Trade account and transferred 100 shares of Ford stock into his new account. I showed him how to check on his stock and told him now he not only owned another Ford truck but he also owned a part of Ford. I am quite sure that on a day that Ford stock hit \$1.27 a share he just might be the only person on earth that was happy about owning some!