
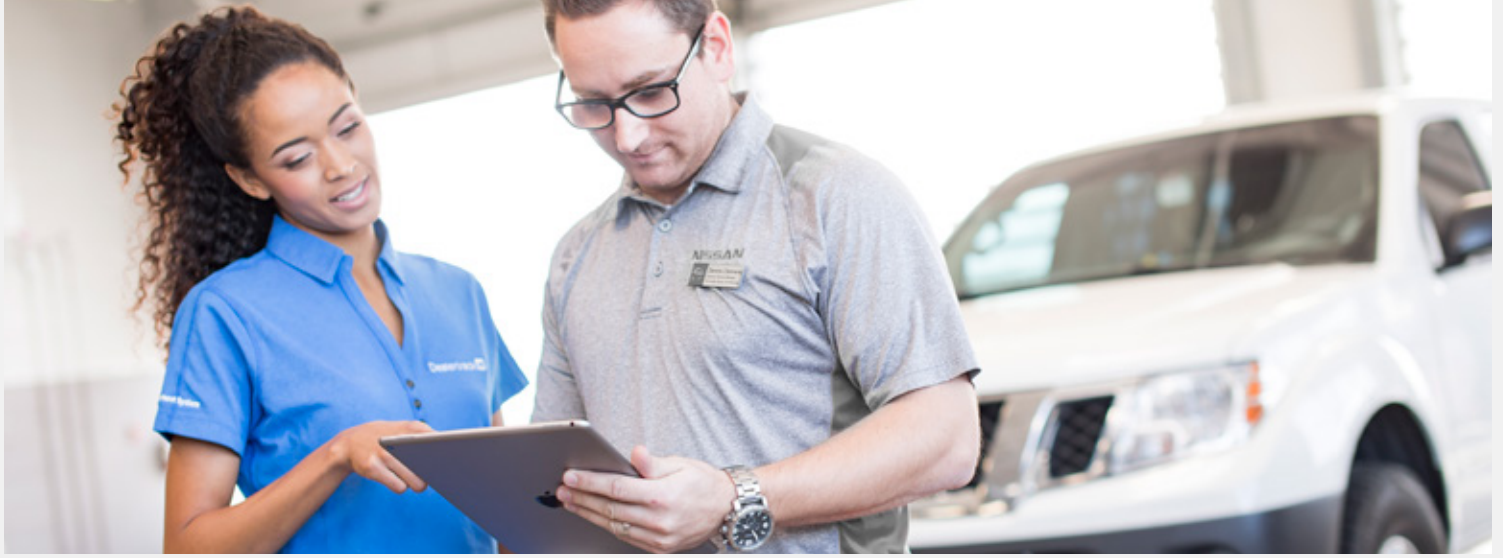


5 MUST-DOS FOR DEALERSHIPS: ACTIONABLE STEPS TO IMPROVE DEALERSHIP EFFICIENCY



Dealertrack DMS 
TECHNOLOGY THAT DRIVES YOU.



AN UNPRECEDENTED CHALLENGE TO BUSINESS CONTINUITY

The automotive industry has a history of facing tough challenges. Economic recessions and depressions, margin compression and differences in consumer buying habits between generations have all impacted auto sales over the years. But through it all, the industry has been remarkably resilient. Dealers have always found ways to thrive and maintain profitability through the difficult times.

Today, the automotive sales industry is facing a new challenge. With the sudden, seemingly overnight impact of the coronavirus (COVID-19) pandemic, stay-at-home orders, social distancing guidelines, and general consumer fear, the industry is under siege. Vehicle sales have stalled, manufacturing challenges have closed production facilities and stalled supply chains, and millions of people are out of work.

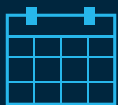
The current challenges are unique and impressive in scope, but history says the auto industry will come out on top. And it's up to individual dealers to determine how to overcome macroeconomic challenges with

determination, sustained effort, and by finding ways to eliminate inefficiencies in operations. In fact, according to global management consulting firm, McKinsey & Company, proactive dealers that focus on improving operational efficiency can overcome disruptions to the traditional approach to car sales.

To help your dealership sell smarter and improve operational efficiencies in the months and years to come, Susan Moll, senior director of DMS field services at Cox Automotive, and Matt Hurst, senior director of client services at Cox Automotive, have outlined several actionable steps in the form of dealership “must-dos.”

With their combined experience partnering with dealership clients to see what works and what doesn't work in the real world of car sales, these two industry veterans have compiled a list of simple, easy-to-implement items that successful dealers do to boost operational efficiency. These must-dos range from finding efficiencies in routine, everyday tasks to leveraging technology to your dealership's advantage.

THIS EBOOK WILL COVER:



Chapter 1: Model Year Turnover Must-Dos

4



Chapter 2: Month End Must-Dos

5



Chapter 3: Must-Dos to Attract a Tech-Centric Workforce

6



Chapter 4: Must-Dos to Find Efficiencies in Routine Tasks

8



Chapter 5: Must-Dos for Year End Excellence and a Fresh Start

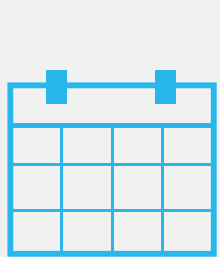
10



Bonus Chapter: Best Practices for Driving a Digital Transformation

11

By implementing these must-dos, your dealership can keep moving in the right direction, one step at a time, to increase efficiency, reduce expenses, and improve your bottom line.



1

MODEL YEAR TURNOVER MUST-DOS

Not every model year changeover is massive—some years are easier than others. Either way, it's important to find out as soon as possible from your OEM what you can expect. That way, you can plan ahead.



For every model line modification you make, it is not unusual to generate three to five changes to your accounting practices.

Significant model line changes may necessitate new account additions to your general ledger. For every model line modification you make, it is not unusual to generate three to five changes to your accounting practices. If you multiply that out across several brands or automakers, that could mean a substantial amount of administrative work. Here are a few key must-dos to help you through this busy time of year.

MUST-DO #1:

Keep up with physical inventories

Whether you perform periodic spot checks or review inventory once a year, it is a good idea to compare what the computer is telling you to what you actually count is on the shelf or in the bin.

MUST-DO #2:

Consider your DMS provider as a partner

Your DMS provider is a valuable resource when it comes to model-year changeover. Ask yourself if you have the right technology provider in place to make the process of implementing change more seamless. Is your DMS partner willing to add all new accounts to your general ledger, manage all financial statement routing, and make the required changes to the related documents for you? Or, are you on this journey alone? The right provider is key to giving you the right tools and processes that keep your entire team moving effectively, no matter how much administrative work you need to address.

MUST-DO #3:

Look to your peers as resources

You aren't the only one going through model-year mayhem, so don't be afraid to ask questions and leverage on-demand training opportunities to set yourself up for success. Explore any online materials your technology provider may offer, including video tutorials, eBooks and peer-to-peer learning exchanges.



2 MONTH END MUST-DOS

At the end of every month, it's important to take a step back and grade your month-end approach. Sincere self-evaluation can ensure that you're setting your dealership up for continued success. Karli DeVall, CFO of Tim Dahle & Red Rock Auto Groups and former automotive accounting consultant, suggests creating a checklist outlining the tasks that must be accomplished during each key day of month-end reporting.



Self-evaluation can ensure that you're setting your dealership up for continued success.

DAY 1 MUST-DO:

Count your physical assets

Take inventory of your physical assets. Over the following few days, your accounting team will take this information and reconcile it against the books, so the sooner you get this data into the system the better.

DAY 2 MUST-DO:

Count your sales

Reconcile and count all the sales for the month. To do this successfully, it's important to first ensure that all sales are completed. Then, verify that all assets are accounted for and that none are out of place.

DAY 3 MUST-DO:

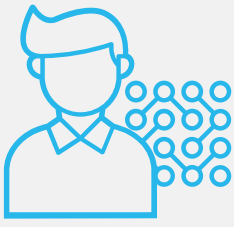
Do an expense trend analysis

Make sure all expenses are in and then conduct a trend analysis to see if you are missing anything. This analysis can help you to see whether a particular utility has been trending high or low, and get to the bottom of unexpectedly high expenses. Ultimately, you want to make sure your dealership survives and thrives every single month, and analyzing expenses is a crucial to ensuring steady, ongoing success.

DAY 4 MUST-DO:

Add statistical postings to your financial statement

Confirm that all your managers' commissions are properly accounted for. Once payroll has been completed, take the time to ensure your statistical/memo postings are added to your financial statement. This step is vital but often skipped by controllers.



3

ATTRACT A TECH-CENTRIC WORKFORCE MUST-DOS

The rising generation of workers is more interested in dealership jobs than previous generations. In fact, more than 30 percent of Gen Z-ers and Young Millennials are interested in working for a dealership, according to the 2019 Cox Automotive Dealership Staffing Study. This is an encouraging trend and a great sign for the future of automotive sales, but appealing to a younger audience requires a real cultural and technological shift. Here are a few must-dos to equip your dealership for today's tech-centric workforce.

MUST-DO #1:

Foster an environment where employees feel valued

To attract and retain younger, tech-savvy talent, dealerships must foster a collaborative and engaging workplace culture. This might include implementing more flexible work hours and investing in training programs to help employees grow their careers and rise through the ranks. It also means prioritizing employee satisfaction from the start.

Jennica Krebsbach, controller of Van Horn Automotive Group, believes that creating a collaborative and engaging culture has been critical to her team's success. The auto group recently reimaged its onboarding process to include off-site learning experiences that teach new hires how to effectively communicate with customers. And, for employees who want to advance more quickly in their careers, Van Horn now offers an in-house advancement program to help employees rise through the ranks.

MUST-DO #2:

Engage employees and make them feel valued

Communication and transparency are key to motivating the rising generation of workers. Consider implementing regular "town hall" meetings to give employees a platform to voice their concerns and express their ideas for the direction of their departments and the business.

For Van Horn, it's all about making employees feel like they have a voice, that those voices are heard and considered, and that everyone has a stake in the success of the dealership. "We are 550 employees strong, so to keep everyone motivated and on the same page, communication and transparency are key," Krebsbach notes.



We are 550 employees strong, so to keep everyone motivated and on the same page, communication and transparency are key.

Jennica Krebsbach

MUST-DO #3:

Perform talent audits and “stay” interviews

Instead of interviewing your employees as they exit the company, which may provide skewed feedback, implement regular talent audits and “stay interviews.”

Regular audits allow you to review your workforce engagement strategy and address ongoing needs for specific skillsets.

Interview employees regularly about why they choose to stay at your dealership. This can give you valuable insight about what strategies are working and what improvements your employees would like to see you implement.

MUST-DO #4:

Evaluate the efficiency and simplicity of your technology

For the younger generation of workers, technology is more than a tool. It's part and parcel to who they are, and how they work, play and communicate. These workers expect dealerships to equip them with the right tools to help them work more effectively and efficiently.

Leveraging a modern, open, and easy-to-use DMS system, along with a dedicated technology partner, is a must-do for today's dealerships. By not being locked into a rigid platform, you have the flexibility to hire based on talent, rather than catering to the needs of a specific technology.

MUST-DO #5:

Highlight training opportunities that are tech-centric

As you plan ongoing training opportunities at your dealership, highlight subjects that are tech-centric. Having intuitive technology and a DMS provider that facilitates ongoing training opportunities and support is critical to bringing new hires up to speed quickly and ensuring a productive workforce. Look to your technology provider for digital training functionalities and ask about access to peer-to-peer forums, self-service support, and virtual training and webinars.



4 FIND EFFICIENCIES IN ROUTINE TASK MUST-DOS

As you work to increase gross profit margins, it's important to focus on what you can control. That means finding ways to boost operational efficiency and reduce expenses. And while that may encompass a broad range of strategies, it's best to start simple with the most commonly completed tasks and recurring costs at your dealership.

What you do every day matters more than what you do once in a while. Because your DMS is the daily hub of your operations, it's a great place to begin mining for additional time and cost savings that can pay big dividends down the road.

MUST-DO #1:

Look for ways to automate or streamline repetitive tasks

One of the best ways to increase efficiency is to reduce the time you spend on tasks that don't directly contribute to your bottom line. Look for ways to automate or reduce the non-value-added time you spend on things like billing, paying and processing vendor invoices, stocking vehicles, paying out warranty claims, processing parts, etc.



While I can't control sales volume or gross profit, I can control my costs, including ones I'm responsible for to positively impact profits.

Joe Burris

MUST-DO #2:

Give your people a platform to voice their suggestions

While keeping a close eye on industry benchmarks and data is crucial to success, maybe the best way to eliminate wasted dollars is by looking through the lens of your own team. Observe your staff and talk to them about their day-to-day jobs and processes.

Reward individuals who offer recommendations and actively participate in the process of improving and streamlining operations. "By listening to (employee) suggestions and ideas, you can find new and improved ways to do more with less," said Joe Burris, corporate controller and chief accounting officer at Lou Fusz Automotive Network.



There are so many helpful tools and features in our DMS that I try not to do anything by hand anymore.

Lori Garrison

MUST-DO #3:

Divide big quarterly or annual tasks into smaller weekly or even daily items

Breaking down the quarterly or annual tasks into smaller, more digestible to-do items is key to staying on top of bigger picture tasks that sometimes get left on the periphery. With account payables alone, there are hundreds of vendors to keep tabs on. To stay on top of this, Lori Garrison, controller at Huffines Auto Group, maintains a spreadsheet to track dates and amounts with each payment made.

“This not only saves you from being overwhelmed at crunch time but also makes it easier to find and correct problems and errors before they get worse or cause your dealership penalties,” notes Garrison. “There are a million things that can go wrong in a week and a billion that can go wrong in a month. If I reconcile every day, it’s easier to find and resolve issues and I sleep much better at night.”

MUST-DO #4:

Use technology to your advantage

Again, your DMS is the daily hub of your operations. Use the tools available to you to help you cut costs. Specifically, take advantage of the general ledger import function of your DMS. Importing information is more efficient because team members don’t have to constantly re-key data. Plus, it’s faster and has less room for error.

MUST-DO #5:

Keep a close watch on your managed accounts

Check each managed account multiple times a week to ensure contracts are being funded and departments with different P&Ls are splitting funds properly. Lisa Feagin, controller at Tom Bush Family of Dealerships, uses a combination of financial reports from her DMS to visually scan for abnormal amounts or duplicate entries. She also trains her finance managers and bookkeepers to study trend reports across the new, used, parts, and service departments weekly.

MUST-DO #6:

Find opportunities for immediate success and establish growth potential

Implement necessary changes to your sales and fixed ops departments to bring in customers now. That might include offering incentives, setting up remote shopping, and preparing your fixed ops department for possible future quarantines. At the same time, learn strategies today that can be easily implemented in the future. Especially when times are tough, it’s important to optimize every dollar spent and earned. That means leveraging your technology tools and processes to maximize profit potential. Tough times don’t last forever, but the changes you implement to adapt usually lead to better ways to do business now and in the future.



5

YEAR END EXCELLENCE AND A FRESH START MUST-DOS

Finding balance at the end of the year requires a combination of efficiency, organization, and partnership with your DMS provider. Here are the absolute must-dos to ensure a clean slate for the coming year and a new decade of auto sales.

MUST-DO #1:

Circle Jan. 31 on your calendar

January 31 is when your W-2s, 1099s, and 941s are all due. Start getting these forms ordered, printed, and filed as early as possible, to keep your dealership running smoothly and on schedule.

MUST-DO #2:

Create a year-end checklist

Lori Garrison, controller at Huffines Auto Group, uses the same checklist year after year and modifies it with notes or memos when anything important about the process changes. From tax tables and ordering forms to filing and paying vehicle inventory taxes, everything she needs to close out the year can be found on her checklist.

MUST-DO #3:

Conduct an annual physical inventory count

It's critical to count your physical inventory at least once a year to make sure your parts inventory value matches what is actually on the accounting books. This provides opportunity to make necessary adjustments so you don't carry any deficits into the new year.

MUST-DO #4:

Do only what you can do

There's a lot to do at year-end, but resist the urge to micromanage your staff. Instead, empower them with the tools, technology, and know-how to get the job done right. Delegate work and entrust as many tasks as possible to your staff, rather than trying to touch everything yourself. By doing this, your staff can broaden their understanding of the business and you can focus on the responsibilities that fall strictly on you.

MUST-DO #5:

Stay on top of year-end reporting all year long

Lisa Feagin, the controller at Tom Bush Family of Dealerships, recommends running your month-end process like your year-end process. "By reconciling account accruals and write-offs every month, you'll be able to spend more of your time focusing on the minute details at the end of the year, such as putting accounts under a microscope to catch any errors or discrepancies," she explains.



BONUS

BEST PRACTICES FOR DRIVING A DIGITAL TRANSFORMATION

As the retail industry faces new challenges, automotive businesses are facing unprecedented circumstances that require innovative strategy and technology to adapt. Dealertrack DMS is here to continue our partnership and help you maintain healthy business performance through functionality that allows you to stay socially distant and boost your digital footprint. We've compiled best practices that help you utilize your Dealer Management System to preserve operational efficiencies and overcome challenges.

THE DIGITAL DMS PLATFORM:

While dealerships depend on manual labor for fixed operation services, Dealertrack DMS helps bring the rest of your dealership into the cloud, allowing you to log in from anywhere with internet access and understand where your dealership stands with real-time updates. This means more social distancing for your employees and a safer environment for your customers by giving those who do not need to be at the dealership the opportunity to work remotely.



Dealertrack DMS helps bring the rest of your dealership into the cloud, allowing you to log in from anywhere with internet access.

AUDITING PROCEDURES:

- **Clean up Work in Process** – This includes each department throughout the dealership. Make any new downtime productive by closing out repair orders, on hold parts tickets, and old car deals. This will not only free up revenue but give you better insight into what is truly outstanding.
- **Invest in Training** – This can include catching up on OEM mandating training, as well as cross-training employees to learn long overdue skills and responsibilities. Maximize remote and web-based training to respect social distancing.
- **Assess your Reporting Needs** – What reports are you running regularly, but not utilizing? What reports do you need but are putting many efforts into building and maintaining? If you have multiple stores, is your reporting consistent from store to store? If you need reporting help, contact your DMS performance manager.

- **Review your Network Setup and Configuration** –

Now more than ever, your business is going to rely on your network setup and connection. This includes security and stability, as well as your primary method of communication both inside and outside the dealership. Are you still relying on old, out of date network equipment that's on its last legs, or subject to a security breach? Do you have enough Internet speed? If you're paying someone to manage this for you, do you understand what you're paying (and possibly overpaying) for each month?

- **Deep Clean your Software** – While it's realistic to expect a temporary decrease in foot traffic, you can still be productive and prepared for a comeback. In addition to cleaning and disinfecting hard surfaces, use this time to review all of your software applications, remove terminated employees, remove old labor operation codes and part numbers. Review your taxes, your fees, your discounts, and your accessories and aftermarket products. Catch up on past software releases and bug fixes you may have missed, and ensure your current processes are aligned with your software.

UNLOCKING OPERATIONAL EFFICIENCIES:

- **Flexibility through Integration** – Utilizing Opentrack gives you the flexibility to build your Dealer Management System to fit your business needs by integrating with any of the 175+ certified third-party vendors. Integrations add flexibility to your DMS and also help you consolidate the number of technology systems your team has to use every day or every task and provides opportunity to be more operationally efficient.

- **Unlocking Data Driven Insights** – Reporting solutions are critical to dealerships during economic uncertainty by uncovering operational efficiencies and actionable insights. DMS Critical Analytics is a tool that offers pre-built dashboards and reporting modules with drill-down capabilities and filtering that helps you prioritize the data that drives value to your dealership. Stay on top of the game by finding the latest trends first and positioning your dealership to capitalize on opportunities.

- **Optimizing Your Network** – As businesses drive towards digital transformations, it's important to have a network to keep your system up and running on all cylinders. Dealertrack DMS has partnered with Proton IT to offer Managed Network Services to dealerships that help dealerships save money and increase performance. Network professionals come on-site to optimize your setup and offer 24/7 support with industry expertise so you never miss a beat. While out-sourcing your network services can sound overwhelming, you can save up to 50% by switching from an in-house solution.

- **Premier Human Capital Management** – Managing a business and people in times like these are tough, which is why Dealertrack DMS has partnered with Hireology to offer a complete HR and Payroll solution powered by Netchex. Reduce administrative tasks and streamline your systems needed to hire, pay, and support your teams with industry-leading platforms that are completely integrated with your DMS.

- **Digital Document Management** – Our Reflections platform helps you take the pile of paperwork and migrate it into a digital library, helping ease the dependence of working on-site.



Every great business achieves success slowly and deliberately, one step at a time.

CONCLUSION

Successful dealerships constantly evaluate where they are and where they are going. And a big part of that evaluation involves thinking about your current processes. If your results in a particular area aren't what you want them to be, review your operations and decide whether the little things you do every day are helping you accomplish your big picture business goals.

While the foregoing lists of must-dos are simple enough to understand and implement, the process of change at any business is never easy. But that's why each must-do is bitesize. Start one step at a time, and move on to the next. Every great business achieves success slowly and deliberately, one step at a time. And your dealership is no different.

Start by organizing your staff to review the must-dos in this eBook. Schedule regular time as an organization to meet

together to understand your end-goals and work on your must-dos. That may involve setting a timeframe for certain must-dos to be implemented. It may involve incentives or departmental delegation. No matter how your dealership decides to implement change, remember these steps are called "must-dos" for a reason. They are tried, true, and tested methods for improving operational efficiency, based on observations from successful dealerships all across the country.

Slimming margins may be wreaking havoc on dealerships. But that doesn't mean you can't find ways to keep yours moving in the right direction. By taking small steps to improve efficiency and reduce cost through your processes, technologies, and employees, you can improve your dealership's bottom line one must-do at a time.