

QUESTION: JOE, WHAT DO YOU MEAN BY MARKET VS. MANAGEMENT DRIVEN?

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The average dealership is finding it much tougher to compete in today's market. As an industry, we've always been challenged to stay on the "value building" path in Sales". After 9/11 when the rebates hit hard and fast and never letup, a lot more dealerships



made the transition to price-focused selling instead of value-focused selling and by doing so, gave up their opportunity of consistent growth in sales and profits. Does it matter? Dr. Edwards Deming talks about what happens when quality declines and we're seeing it happen now. Even as every manufacturer is focused on reducing the number of prob-

lems per vehicle and CSI is high, the quality of the buying experience is dropping. Rebates have always come and gone ... this time they didn't. Extended rebates equal higher costs, so manufacturers and dealers take their eye off the goal: a quality product and experience. They focus on expenses and try to save their way to a profit, instead of focusing on building more value and selling their way to a profit. When your focus turns to saving instead of quality, you being a process that erodes your sales, profits, customer base and long-term growth.

Why? Because you have 3 types of customers: Loyal - Satisfied - Unsatisfied.

- **Loyal Customers** keep you in business. They may ask about price, but in the end, they buy YOU and the "value experience." That's why salespeople who tell us they doubled their sales said they did it by slowing down, staying off price, building more rapport and focusing more on building the value of their product and dealership. Loyal customers are the least expensive to get and keep, they buy more, refer friends, and produce higher revenues.
- **Satisfied Customers** are more price focused, and if you don't convert them to "value buyers", they'll turn on a dime for a cheaper price down the street next time around. If your goal is just good CSI instead of Loyalty, you'll lose most Satisfied Customers.
- **Unsatisfied Customers** = no more sales. Note: More are dissatisfied with the buying experience than the price.

Can you give me an example of Market vs. Management Driven?

Market: If you've ever had a boat, been in the middle of the ocean and lost your electronics, your steering and your engines, you've experienced with it's like to be Market Driven. You don't know where you are, have virtually no control, don't know what to expect next and you drift with the winds and current. You are definitely on the "hope plan".

Management: With even a 50¢ compass, a torn map, one sputtering

engine and loose steering, you'll know where you are and can start heading where you want to go. Nothing about "hope" - you have a plan, a direction, some control and momentum.

Snapshot: Market Driven vs. Management Driven

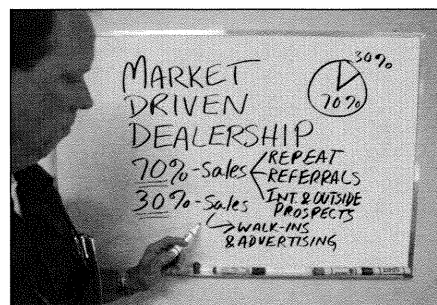
Market Driven Dealership

- 30% of sales to repeat, ref., internal & outside prospects
- 70% of sales to walk-in and from advertising
- Huge ad budgets/High cost per sale (CPS)
- Constant turnover of salespeople
- Untrained management/No or poor teamwork
- Price Advertising, Presenting & Closing
- Below average salespeople: 10-11 units or less
- Mgmt. Blames Market, SP and customers for low sales
- Stagnant annual unit and profit growth

Management Driven Dealership

- 70% of sales to repeat, ref., internal & outside prospects
- 30% of sales to walk in and from advertising
- Low and \$/ Focus: internal bus. Dev. / Low CPS
- Virtually no turnover of salespeople
- Well trained, effective management team
- Value advertising, presenting and closing
- Professionals in sales: 12 units or more
- Mgmt. Tracks, trains and manages for sales increases
- Consistent unit and profit growth every year

We're at a crossroads in today's market, and your dealership's future depends on whether you choose to be Market or Management Driven. Becoming Management Driven is tougher because you have to think, plan and take action every single day as a Management Team to consistently move forward. With Management you have control - with Market you have to hope for good luck.



Don't just "hope" - plan - and have your best year ever - every year!

Don't keep putting off training your sales force and putting off the success you deserve.

Everything on this list is actually easy to learn and to apply back in your dealership. Just give us a call 1-800-445-6217 and we'll get you signed up for our next workshop.

I'll see you in class soon... - Joe