



Fixed Operations Digest August, 2017

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Always keep in mind the old retail adage: Customers remember the service a lot longer than they remember the price.

-Lauren Freedman

Larry's Ramblings... Attack of the Middlemen

Do we really need all these "Middlemen" to run a successful profitable Dealership?

Every day I read or hear about some new "middlemen" product that is going to save the automotive dealer as we know it. Dealers I talk to have an untold number of Middlemen products being pitched to them every day and, every Dealer has a lot of these products in their store. One thing all these products have in common is that they insert themselves between the dealership and their customers.

A few examples of the most common ones I encounter are;

Appointment Middlemen! I suppose Dealers are just not capable of setting up an Appointment System so these companies "solve" this problem for them. They take over the appointment process and they ensure every customer gets a perfect service appointment every time. My local Cadillac Dealer just signed up for a NEW Appointment Company "Middlemen" Service. I know this is a new service this dealer has signed up for because I have a 2010 Cadillac DTS with an open recall that I have known about for years now, but I did not want to get it done. I did not want to get it done because the recall inserts two small pieces of plastic into the key to restrict the amount of movement my key has when inserted on a Key Ring. Apparently, too much movement on the key ring can be dangerous! Four weeks ago I got a call from the Middleman Company who claimed to represent the Dealership and wanted to schedule me an appointment to have this very important recall done. When I asked the person if they knew what the recall entailed the answer was no, but it was important that I get it done! I informed her that I had made a decision to take my life into my own hands and decided that I would not get the amount of free travel reduced on my keys. I also asked her to take me off their list and place a do not call note in my file. Since this first call I have received four additional calls attempting to set up an appointment for this recall. I am at the point now where I never ever want to do business with this Dealership again. Their middlemen are harassing me!

Multi Point Inspection Middlemen! Apparently Dealership Service Managers do not possess the skills necessary to get their employees to show customers the Technician's Inspection report of their vehicle. So, Dealers must pay a middleman to manage the Multi Point Process and provide them with the ability to print out color copies of the MPI Form with Technician's notes on them. WOW why didn't I think of that? I was in a dealership in St Paul Minnesota that had one of these fancy Color Printers on their Service Drive. The Technician would fill out the MPI Form and it would print out right there on the Drive. Since actually taking the Technicians (color coded) report off of the

printer was too much of a burden the Service Advisors strategically placed a garbage can where the printer printed out the inspection reports. They had it placed so that it would automatically drop the printed report right into the garbage can! I am not lying this is actually what was happening!

Write up Tablet Middlemen . Apparently, Service Advisors can sell more services to customers if, instead of writing down the customer's needs with a pencil, they use a Tablet! A friend of mine took their Mercedes in for service at a Dealership that had these Tablets for the Advisors. He called and asked me if I had seen these tables dealers were using? And, wanted to know why Dealers were using these "things"? I informed him it was for his convenience, so that the Advisor could put everything in the Tablet right there at their car. Plus it had pictures of the vehicle so the Advisor could note any damages they see as well as the condition of the tires and wipers while writing you up. My friend responded with "*let me tell you what they really accomplish! Tablets allow the Advisors to ignore customers at an even faster rate than ever before!*"

Service Direct Mail Middlemen . Dealers already have all of their customer data, Dealers already know what their customers buying habits are. Dealers already know when an Advisor is unable to sell a service customer something their vehicle needs. So, why do Dealers need to pay a middleman to do all of this for them?

Business Development Center (BDC) Middlemen . BDC is a fancy term for calling your lost customers and answering your phones! Apparently a lot of dealers do not call lost customers or answer their phones so, they hire a Middlemen Company to do this for them. For the Dealers that are comfortable that they employ competent people to answer their phones Middlemen sell them a Software Program that makes it "easier" for Dealers to contact lost customers and answer their phones. I was consulting with a Dealer a while back that had their own in house BDC Center. The Dealer wanted to show me how well his BDC was working so we sat down with his BDC Manager so that he could demonstrate how great they were doing. Of course he showed me all kinds of charts and graphs to back this up. I inquired if his fancy Middlemen Software package recorded every call for "quality control" purposes, of course he answered! Great, lets listen to some conversations I asked; the very first call we listened to came into the Dealership Switchboard and the customer said I want to speak with anyone in Service except Karla (not her real name) *the Service BDC person* . The switchboard operator in a friendly manner said "*let me switch you*". Next "Karla's" voice mail came on and said "*Hi this is Karla, I am unable to take your call right now but if you leave your name and number I will return your call!*" You could hear the customer cursing as he hung up.

Do dealers really need to pay a Middlemen company for Software to answer their phones?

My opinion is that most of these Middlemen tools Dealers have purchased to "make their Dealership better" has had the opposite effect. Instead of making the Dealership better it has relieved the Managers of the responsibility to manage their department. Now when a problem comes up the Managers simply blame the Middlemen Program!

Managers are not managing they are letting the Middlemen Programs handle it.

Employees are choosing to use or not use the Middlemen Program and no one is being held accountable.

Another question that needs to be asked here is why do many of these middlemen companies sell their products to the manufacturers and then get the manufacturers to "force" (Yes I know all these manufacturer programs are voluntary) for Dealers to use their product. If their product was as great as they claim wouldn't everyone be lining up to buy it?

Speaking of Accountability I must share with you a lesson in accountability that

I learned as a 24 year old Service Manager in a Nissan (Datsun) dealership. My dealer wanted me to start opening on Saturdays. Like every other Manager in the world I did not want to give up my weekends. I spent days developing a myriad of reasons why this idea would not work. Upon presenting my argument for not opening on Saturdays my dealer said to me " *other dealers are doing this successfully and I want you to give it your best shot* "!

So, I implemented the equal punishment Saturday schedule, I separated my shop into three groups and had one group work every third Saturday. Having a strong desire to see this program fail I kept meticulous records on the results. After several months I had irrefutable evidence that instead of increasing our business Saturdays was hurting our business. I documented that we did not produce any more sold hours and that expenses were up due to having to pay hourly people overtime.

I took my evidence to my dealer and built the best case you have ever seen for not being open on Saturdays. My Dealer, after looking at all of my evidence, leaned back in his chair, crossed his arms, looked up at the ceiling and said " *this is a shame* "!. Yes sir I agreed, but customers in our market simply do not want to get their cars serviced on Saturday. No that is not the shame he replied! What is a shame then? Well it is a shame that you cannot make Saturday Service a success in my Dealership because now, I am going to have to find me a Service Manager who can make this work.

Boss, I replied, why don't we give this another six months? I promise you after that conversation I had the most successful Saturday Service in the country.

Middlemen programs add, add and add cost to doing business. Instead of relying on Middlemen to help you manage your dealership you might consider holding your Managers accountable for managing your Dealership.

Don't ever forget it is the Manager's responsibility to eliminate their employee's excuses for failure!

Someone told me once, "I'm scared out of my mind to have you consult with me!" (He subsequently got over it.) There are people who want to increase distance instead of reduce it. They avoid confrontation, eschew the tougher options, and prefer empty words over hard work.

The great naval hero John Paul Jones spoke about his intent to "sail into harm's way." We need to move toward the noise, toward the bright light, toward the great challenge, not back away. Edwards & Associates Consulting will improve your life, but I can't help you if you're afraid to approach me.

We need to run toward the challenges, not flee as if distance will save us. Isolationism has never proved to be a viable strategy for nations, organizations, or individuals. Philosophers may be happy on lofty mountain tops, but we sinners have to run the world.

If you have been putting off the decision to hire a Consultant to help Fix Your Dealership now is the time to give me a call.

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A free monthly newsletter about Automobile Dealership Fixed Operations. Based upon the Consulting, Training and Research work done by Edwards & Associates and its Chairman, Larry Edwards CMC.

Volume 177, August 2017

A Publication of Edwards & Associates Consulting, Inc.

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