



Action is the currency for these economic times!

by **Hector Bosotti**

I was in a dealership a couple of months back getting some maintenance work done on my vehicle and had a chance to speak with the sales manager. I have never personally worked with the dealership and to the best of my knowledge they were never a store that trained very much. After exchanging pleasantries and discussing the economic lay of the land, he went on to explain that he believed that they were not going to be able to survive for very much longer. I was flabbergasted! I proceeded to ask him what they were doing to generate traffic and how they marketed to their customer base. His response was, "What are you going to do?" I provided a few suggestions but unfortunately, they fell on deaf ears. He said that the dealer had turned off the advertising tap. As you would imagine, this was also a totally reactive dealership when it came to Special Finance.

I understand that a dealer needs to be prudent during these times but to literally starve an advertising budget is surely to cause illness if not suicide. Here is a real life example proving that a dealer does not have to spend thousands of dollars to generate business. I was working with a dealer who just held an internal sale and targeted their dormant service customer base. The sales staff was each instructed to make 50 calls per person 5 days before the Friday-Saturday event with a specific offer that they were promoting. (10 calls per day) By the time that I left the dealership on Friday at 5:00 p.m., there were 17 deals recorded on the write board. They did splurge on the event with food, pop and balloons of course! (They inflated the balloons themselves) You have probably heard the expression, "When the going gets tough, the tough get going." When I followed up the following week, I was not surprised to hear that they had sold 31 vehicles in the two day event. Action is what is needed today but too many dealers and managers are standing like deer in the middle of a roadway stunned at what is happening.

Statistics Canada and the Office of the Superintendent of Bankruptcy Canada reported that more than 117,000 Canadians filed for bankruptcy in the 12-month period ending in January 2009. That represented an increase of 15.8 per cent compared to the previous 12 months. In January alone, more than 10,000 individuals in this country filed insolvency papers, up 2.9 per cent from December. Perhaps more tellingly, the number of Canadians who filed for employment insurance benefits rose above the 500,000 level nationally for January. That represented a jump of 23,700, or 4.4 per cent compared to December. In fact, Canadians filing for jobless help is now 23 per cent higher than the level in February 2008. As well, Alberta, once the land of economic opportunity in Canada, had its own woes in January with personal bankruptcies up 57 per cent in January 2009 versus January 2008. The fact remains that people who want and need to work will find new jobs but their credit may become damaged during their unemployment. People who have declared bankruptcy is also a top Special Finance target market. By year end, it is likely that the sub-prime market will be the largest market segment to grow and any dealer with some foresight will take advantage of this opportunity.

Many dealers, sales managers and Business managers are still unaware of the opportunity and how to reap the rewards it offers. I still see some dealers placing split ads in the local paper reading something similar to this: "BAD CREDIT-NO PROBLEM!-CALL 1.866.555.555." These ads generate few if any leads for them and they subsequently come to the conclusion that Special Financing is not for them. I speak to many Business Managers across Canada and ask them how their Special Finance book of business is performing and they reply, "Fine. We send all our declines to...." This is a reactive approach to Special Finance but the unfortunate reality is that they do not know what else they can do to mine the credit challenged market. If you want to take advantage of this opportunity or you simply want to improve your productivity, doing nothing about it will not yield positive results. If you knew that you could land a job but the only reason preventing you from securing the position was the fact that you didn't know how to use excel, you probably would make the investment and buy the software and then pay to get trained on it. Is it not obvious that the long term reward of a permanent income would justify the initial investment and training expense? Special Finance managers and dealers are tight-lipped about their operations and rightfully so. How then, can anyone learn how to generate Special Finance leads and convert them? There is a simple answer-attend a training seminar or get some consulting. If you have a will, there certainly is a way. VFC as an example sponsors 1 and 2 day workshops across Canada and there are some workshops and conventions that are held in the United States that are available to gain the strategies, techniques and skills that will quickly have you taking advantage of the growing Sub-prime market.

Now is the time to act. I spoke to a dealer who said that they were going to stay put this year and ride out the storm. I reviewed all of the industry statistics with him, the opportunity, other dealers' results and how to go about taking advantage of this increasing market segment. I also asked him if he had invested in the stock market yet with prices being as low as they were and he replied, "Oh no. I'm holding there as well." I went on to ask him if he was waiting for the prices to go up before he bought back in and chuckled-I guess I made my point. The credit challenged customer is here now and waiting for you to help them. Independent used vehicle operators have done a great job at marketing to and servicing credit challenged customers. Many of these independent dealers report up to 90% of their business as Special Finance deals. Independent used vehicle operators accounted for approximately 20% of all used vehicle sales at the turn of the century but are now fast approaching 30%. They have realized the opportunity and are eating new vehicle franchises' lunch!

Two years ago, a dealership that did not have a Special Finance manager made a commitment to this opportunity and hired a Special Finance manager in July. This dealership was a totally reactive Special Finance dealership. The Special Finance manager went on to deliver 19 units in September after her third month there! Just as sales consultants who enjoy success by following a sales process, dealerships can also enjoy increased sales volume via Special Finance if they follow a proven and successful process.

Whether you are just thinking about stepping into this arena or you have been active in it for years, here is a quick check list that will allow you to get started or re-evaluate your current operation:

1. Research and understand the business and the customer.
2. Manage your expectations. Set objectives and goals.
3. Hire or assign a qualified individual to manage your Special Finance operation.
4. Research and then obtain dealer agreements with the Special Finance lenders that you will want to work with.
5. Train and educate the managers and sales staff that will be involved with the operation.
6. Adopt or develop a sales procedure that you will execute.

7. Assess your inventory requirements.
8. Assess and then develop your on-line capabilities.
9. Assess and then develop a marketing and advertising game plan.
10. Measure, monitor results and then make adjustments or corrections through your experience.

You will still find that many Special Finance operations still push products instead of pushing solutions. This has been the most significant difference that I have observed over the years of working with dealerships who market to credit challenged customers. These dealerships promote product features, prices and payments instead of showing customers how to rebuild their credit by painting a brighter picture of their future and by providing a credit recovery program. These dealers will also set customers up with a secured credit card and provide them with a credit recovery manual to get them on the road to "prime rate" privileges. Dealerships not only sell vehicles but repair them as well. In a similar way, technicians get customers on the road again by repairing a customer's vehicle and Special Finance managers get customers on the road again by repairing their credit. I am deeply passionate about helping customers and dealers who adopt this same passion enjoy tremendous success and incredible repeat and referral business.

Many dealers still do not have an appetite for Special Financing as they believe that catering to this target market will diminish their brand name. Most dealerships that pro-actively market to credit challenged individuals do not even use the name of their dealership to do so. You don't have to like Special Financing, just do it. I guarantee that after you do it, you'll love it. Action is the currency for these economic times!

Hector Bosotti is a consultant and trainer for Wye Management and has over 25 years of retail automotive experience whose success has been founded on 3 key elements: People, Process & Training.

The Wye Management Group currently facilitates VFC's sponsored Special Finance workshops across Canada and offers in-dealership training and consulting. For more information, visit wyemanagement.com or contact their toll-free number 1(888) 993-6468.

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