

# Just Google It...Are You Sure?



## **Outside Experts Bring Value that a Search Engine Can't.**

Carl Bennett, Director of Reynolds Consulting Services  
Reynolds and Reynolds



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**T**echnological shifts of the last few years have seen dealers become more agreeable to the idea of automated, digitized processes – partly out of necessity but also because the benefit of increased efficiency is real and tangible.

These shifts, and the transformative effect they're having not only on how dealerships operate but on the attitudes of employees within the four walls, are part and parcel of a larger phenomenon I call the "Digital Information Age."

Simply put, ease of access to a nearly unlimited supply of information has never been as universal as it is today – a reality that shapes both dealers and how they conduct business as well as consumers and their expectations for retail experiences.

Sometimes the effect is positive: Sixty-one percent of dealers report a rise in the conversion rate of store visitors in the last five years, which can be tied directly to the advent of the highly informed consumer.<sup>1</sup>

Like any widespread cultural shift, however, the ongoing changes wrought by the Digital Information Age have also had unanticipated negative consequences, some of which have been nearly as impactful as the positive effects.

For dealers, ease of access to information creates a danger that outside expertise could be devalued at the ownership, management, and associate levels. That's a problem because; thanks again to the acceleration of our technology toward automation and digitization, more and more areas of the dealership require increasingly specialized knowledge to operate as efficiently and profitably as possible.

## **Does Expertise Still Matter?**

One of the most pervasive negative effects of the Digital Information Age is the tendency of individuals to believe they've achieved expert-level knowledge of a given subject after doing some research on the web. Tom Nichols, a professor at the U.S. Naval War College, writes, "Today, everyone knows everything: with only a quick trip through WebMD or Wikipedia, average citizens believe themselves to be on an equal intellectual footing with doctors and diplomats."<sup>2</sup>

How does this trend impact the automotive industry? Well, think again about what you've seen on the internet. The web is littered with blogs, chat rooms, message boards, and forums geared toward dealership employees and management as well as the consumers they sell to.

Unless you have a strict habit of thoroughly vetting everything you read on the web – most people don't<sup>3</sup> – this is a problem. Why?

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If only a surface-level understanding of a topic – for automotive marketing, let's say search engine optimization – is required to write and publish a blog on the internet, then two things occur:

- First, there is a good chance that information that is only partially correct or even entirely wrong will be disseminated into the industry.
- Second, the idea of expertise is devalued as an under-informed, do-it-yourself attitude is promoted without the accompanying knowledge base.

In this scenario, the reader – whether a dealership employee or manager – gets hurt by wasting precious resources on misapplied, secondhand knowledge. This individual's opinion of search engine optimization as a valid marketing tool also takes a hit since, in their view, they tried it and it didn't get them the results they were expecting. Consultants with real expertise in the field get hurt because someone who has already been burned once is less likely to take a professional at their word in the future.

This scenario could be applied to any area of your dealership. Plus, the expectations of your customers are tremendously high, making the implications of every employee interaction that much more important.

The excess of shallow how-to's with titles such as "5 Secrets of Targeting the Right Customer" threaten to create a tempting, but damaging, fallacy: that with just a little bit of web "research," anyone can master new processes, sales skills, and tactics at minimal cost.

That's not to say there's anything inherently unlearnable about these areas, but consider the many years of experience and learning it took for you, as a dealership manager, to reach the level of industry knowledge and expertise you have today.

There's no reason not to think that the same level of commitment is needed to address the increasingly complex challenges facing your dealership. That's why even in the Digital Information Age – or perhaps especially in it – expertise still matters, still brings considerable value to the table, and should still carry some weight with dealers.

That conclusion begs additional, perhaps more important, questions: If outside expertise still matters, how exactly can dealers best apply it to their operations? What specific areas of the dealership can benefit from expert consultation, and just how can those areas be changed for the better?

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## Sales and F&I

Consider the central challenges facing your sales and F&I staff: attracting customers, developing lasting relationships, and generating repeat sales opportunities.

These departments, which are possibly the most visible areas of your dealership, are always ripe for growth. Whether it's increasing closing ratios, internet traffic, and leads generated, translating those leads into fruitful appointments, or fine-tuning your targeting methods, your sales and F&I teams are clamoring for expert consultation.

Another point of consideration: The right consulting team, the one worthy of your time and money, will adapt to your specific dealership needs and bring the specialized knowledge that turns abstract solutions into tangible profit drivers.

For your operation, that could mean:

- Training on the digital sales process, helping your staff effectively turn internet leads into a reliable, consistent source of revenue.
- Giving management input on how to plan and execute a targeted sales event.
- Offering guidance on how to leverage your dealership management system (DMS) to maximize sales profit.

It may be tempting to save money in the short term by providing only in-house training to your staff. But, in doing so, you limit your staff's ability to reach their true potential and you hamstring your operation's opportunity for future growth.

Employee turnover cost the average dealership more than \$500,000 in gross profit in 2017.<sup>4</sup> One way to avoid becoming such a statistic is to make a real investment in your staff's ability to succeed.

## Parts and Service

While not as visible as sales and F&I, few would deny that a dealership's fixed operations serve as its financial backbone.

There's an opportunity here for expert consultation to help your staff with everything from thoroughly assessing needs and setting individual and team goals to improving utilization of new and existing tools and following through on a department-wide action plan.

No-show rates for service appointments often hover around the forty to fifty percent mark at many dealerships,<sup>5</sup> representing huge amounts of missed revenue – and this in the area of the dealership that accounts for as much as sixty percent of overall net profit.<sup>6</sup>

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Why not invest in a tool or solution that can help improve appointment show rates for sales and service, and in expert consultation that gives your service staff a new sense of self-confidence and capability? Or, that simply helps you learn to more effectively load your shop and keep your technicians busy?

In your parts department, why not leverage the know-how of trained experts to reduce parts obsolescence, improve parts order accuracy, and increase parts-to-service fill rates?

You gain much from entrusting these areas to someone with a proven background for increasing efficiency and productivity among your staff – ideally someone with practical industry knowledge and years of experience in dealership management or ownership.

Conversely, attempting to institute such wide-ranging reforms completely internally, with no outside consultation, strains a most valuable resource: time, which could be more profitably spent elsewhere.

### **Business Office and HR**

Perhaps two of the more-overlooked areas of a dealership operation, particularly when one is focused on revenue and profitability, are the business office and human resources department.

Yet, consider how running these areas at the highest possible level of efficiency and productivity affects your bottom line – especially in the form of avoiding unnecessary costs.

You can choose to overhaul laborious and redundant tasks with technology solutions that reduce manual data entry while empowering your staff with outside expertise that helps streamline payment and bill pay processes.

Whether those solutions take the shape of gaining firmer control over your purchasing and billing processes in accounts payable or maximizing efficiency and accuracy in payroll, the effect is the same: you minimize mistakes and waste less time, which increases employee productivity and morale and, ultimately, reduces costs that eat into your bottom line.

### **Conclusion**

There is no going back from the Digital Information Age. For better and for worse, the vast majority of the population – including you, your staff, and your customer base – has access to a near-limitless amount of information.

What is not inevitable, however, is devaluing industry expertise in favor of Googling “3 Steps to Running a Better F&I Office,” which

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often seems to promise a quick fix. The result is that fewer dealers will put in the hard work of matching the right tools and services with experienced outside consultation and rigorous employee training and performance standards.

Rather than settling for secondhand, unvetted advice on how to counter the many unique, complex challenges facing your dealership, insist on comprehensive and thorough expert consultation: the kind that combines years of experience with fresh and evolving perspectives.

Finally, demand outside expertise that's customized to meet your operation's unique needs. No one understands the challenges you face and the culture you've cultivated better than you, and only an approach geared toward your areas of greatest need can help you guide your dealership to its full potential.

When it comes to maximizing your dealership's growth potential in all areas, don't just Google it. In an age where "everyone knows everything," outside expertise still offers unparalleled value. Choose today to make the smart investment.

Visit [www.reyrey.com/whitepapers](http://www.reyrey.com/whitepapers) to read more about how the automotive industry is changing.

<sup>1</sup> NADA and McKinsey

<sup>2</sup> "The Death of Expertise: The Campaign Against Established Knowledge and Why it Matters"

<sup>3</sup> ZDNet

<sup>4</sup> Automotive News

<sup>5</sup> See citation 4

<sup>6</sup> WardsAuto



**Carl Bennett** is the director of North American Consulting Operations and Sales for Reynolds Consulting Services. In his consultant role, Bennett teaches automotive retailers in the U.S. and Canada how to achieve higher levels of success and better results in vehicle sales and F&I. Prior to joining Reynolds and Reynolds more than 15 years ago, Bennett worked in dealerships for 15 years as a general manager, finance director, and sales manager.

