

Get the road blocks out of your sales process!



BY CHRIS SCHULTHIES

Take a hard look at your sales process and find areas that aren't customer friendly or that would deter someone from buying from your dealership.

Why encourage salespeople to solicit offers from customers? Doesn't this encourage low or ridiculous offers? Why do we put customers in the awkward position of asking them how much they want to pay for our product when they have no idea of profit margins? Why do we ask customers what they want for their car when their answer is always going to be one that we don't want to hear, otherwise known as their "wish number?"

These age-old methods break the very first rule of negotiation: "He who gets the first numbers on paper wins." In other words, whoever makes the first offer gains control and sets the benchmark for the negotiations?

Keep in mind, many customers are unwilling to make an offer until they can establish monthly payments, price, trade-in value, difference figure or all of these before handing over a credit card. However, if a salesperson tries to get any of this information from their sales manager without an offer or a deposit, many are sent on their way. Many sales managers tell their salespeople: "If we give this guy numbers, he's just going to shop us. I'm not givin' this guy anything until I have an offer and some money. We're not an information service and a free appraisal centre! Get an offer from the guy! I want commitment!"

These "old age" attitudes have the salesperson caught between a rock and a hard place, unable to satisfy their customer with information and unable to satisfy their manager with an offer. The inevitable result has the salesperson letting go of the customer because it's too frustrating for them to work the deal with these restrictions. And because many salespeople have become accustomed to this frustration, many will not attempt to "go to paper" with their customers because it's too difficult to negotiate "backwards." Hence, many dealerships have created an environment where

it's difficult to move a customer into negotiations — "the write" — because of the many roadblocks the sales process they are using puts up.

Let me digress for a moment. We often tell salespeople that for every four customers they meet on the showroom floor, there should be three vehicle presentations and demonstration drives, which should yield two offers or writes, which should turn into one sale. This is referred to as "the 4-3-2-1 concept of selling." In other words, a 25 percent closing ratio.

In many dealerships the reality looks more like this: 100 customers; 70 presentations/demonstration drives; 12 writes; and eight sales or an eight percent closing ratio.

Because sales managers demand offers and deposits, salespeople have difficulty getting offers from tough customers and creating the write. More importantly, if salespeople think that the customer is going to be tough to get an offer from, or they think that the customer's not buying today, they simply let go of the customer at the end of the demonstration drive or on the lot.

Salespeople are often caught in a proverbial catch 22. They're told to get the offer. However, if they get one that is too low — as it usually is — then they get chastised for bringing in a ridiculous offer.

The point is that as dealers and sales managers, we are often creating an environment where it's difficult for salespeople (and customers) to create the write and enter into negotiations. Hence, one of the biggest myths in the showroom is that salespeople have difficulty closing. In reality, the problem is not closing, but the writes. If you think about it, if your dealership were able to theoretically increase it's writes to match the number of presentations and demonstrations, would your closing ratio and volume not significantly increase as well, simply being dragged up because you "swung the bat at more balls?"

If a customer picks a vehicle they want and gets a sound product pre-

sentation and demonstration drive, **MAKE YOUR CUSTOMER AN OFFER!** Make them a financial proposal which includes finance payments, lease payments, selling price, trade-in and difference and show them how they can buy/lease your vehicle (without having them come up with an offer and a credit card). Let salespeople create the write using "soft" trial closes during the demonstration drive.

Try this sample script.

"Mr. and Mrs. Jackson, when we get back to the dealership, I would like to put some numbers down on paper for your consideration. Whether you are planning on making a decision today, or sometime in the future, I would like the opportunity to show you some figures on this vehicle. Is that ok with you?"

This non-threatening, soft trial close lets salespeople easily make the transition from the demonstration drive back to their work station. It then gives the sales manager the opportunity to draft a proposal — make the customer an offer — which the salesperson can give to the customer.

Presenting a menu of choices by way of a proposal with, for example, a vehicle price, trade-in estimate, four payments — two finance payments and two lease payments — with various down payments, etc. gives the salesperson a credible way to ask for the sale based while serving up choices with a question, "Mr. Jackson and Mrs. Jackson, which one these works best for you?"

The objections or counter-proposal gives a salesperson the opportunity to close and create a valid offer with a credit card deposit.

Why serve up proposals that always include various payment options? The answer is simple: 92 percent of customers finance or lease their vehicle purchase. Yet, we not only demand that customers make us an offer on price, we often negotiate price only. It's rarely an issue of price that holds back customers, nor is it an issue of trade-in, difference figure, interest rate or even residual value. Rather, it's the

combination of all of these factors and the resulting payment. It's not an issue of price for most customers; it's an issue of affordability.

Unfortunately, many showroom sales procedures do not explore the opportunity of presenting payments early in the sale (counselling) as well as during closing and negotiations in the form of proposals. In fact, payments are often not presented at all until the business office, if customers get that far.

To make matters worse, if payments are discussed early on in the sale, many business managers take on the responsibility of calculating payment quotes for the sales manager, but unfortunately pack the payments with F&I products. This often results in a lost sale if the customer isn't closed the same day, since they would be walking out of your showroom with an inflated payment.

Consider presenting payment-based proposals to all of your customers who have selected a vehicle. Remember, those who claim they're paying cash usually aren't. They've set up a pre-approval at their local bank branch or intend to pay for their vehicle by using their line of credit. By presenting payment proposals to them, you also move the negotiations further away from price and trade-in value and give the customer the opportunity to close today, as opposed to returning to a bank branch to get an increase in their pre-approval and the risk of a lost sale.

Think of it as simple as this for a buyer in today's market. "OK for payment. OK for the car!"

As I said earlier, take a close look at your sales process and identify road blocks then get rid of them — every one of them — and get more writes and sell more cars.

Chris Schulthies is a senior partner with The Wye Management Group. The Wye Management Group trains salespeople, F&I managers, used vehicle managers and sales managers throughout North America. He also speaks at dealer conventions and 20 Groups.

Business Solutions for Auto Dealers



CUNNINGHAM LLP
CHARTERED ACCOUNTANTS

Auto Dealership Group
30 years of dealership experience

- Estate and succession planning
- Tax planning and consulting
- Acquisition and sale advisory services
- Assurance and accounting services

Jeff Carbell, C.A. ext 231 jeff@cunninghamca.com
David Hertzog, C.A. ext 238 davidh@cunninghamca.com

www.cunninghamca.com

416-496-1051
1-800-461-4618