

Automobile Dealership Insight



Preview

- **Market Overview**
- **Nature of Industry**
- **Core Business Operations & Activities**
- **Dealership Types**
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- **Vehicle Service Process**
- **Parts Sales Process**
- **Accounts and Book Keeping**
- **Dealership-OEM Collaboration & Communication**

Market Overview



We provide integrated technology solutions to automobile dealers across North America, Europe, Middle East, South Africa, Oceania (Australia/New Zealand) and Asia

Automotive



Truck



Motored Two-Wheelers



Recreational Vehicles



Marine



Heavy/Special Purpose Vehicles



Nature of Industry

- Automobile dealers extensively use the Internet to market new and used vehicles.
- Consumers are generally better informed and spend less time meeting with salespersons.
 - Consumers extensively use internet to access vehicle information – reviews, compare models, features, and prices.
 - Many websites also allow consumers to research insurance, financing, leasing, and warranty options too.
- New vehicle sales depend on several factors
 - Market
 - changing consumer tastes
 - popularity of the manufacturer's vehicle models
 - intensity of competition with other dealers
 - Economy
 - Declining economy may force buyers to postpone purchase of new vehicles, and conversely, growing economy may increase vehicle sales
 - Highly sensitive to the cost of borrowing
- Dealership businesses are process driven
- Industry is governed by various laws and regulation (country as well as union of countries) that require the dealerships to comply with tax laws, data retention policies, environmental laws, etc.

What Auto Dealerships Do...

- Vehicle Sales: Sell both new and used vehicles
- Aftermarket Product/Service Sale: Provide warranty contracts, financing packages, insurance packages, paint protection add-on, rust proofing add-on etc.
- Recurring Revenues: Vehicle service & repair, parts & replacements, body-shop
- Original Equipment Manufacturers (OEMs): Share prospect information, customer feedback, warranty claims, wholesale/retail prices, vehicle and parts supply, and business analysis.
- Facilitate Finance & Lease: Tie up with financial institutions to provide loans to customers for purchase/lease vehicles
- Liaison: Work with Govt. bodies like Department of Motor Vehicles (DMV of USA) to ensure the statutory guidelines are followed, tax laws and industry regulations are adhered to.
- CRM & Business Development: Employ marketing strategies like campaigning, follow-up calls, clusters to be continuously in touch with their customers. Ensure customer contact info is up-to-date
- Third-Party Consulting: Work with standard organizations or third-party services like Kelly Bluebook to get price info for new and old vehicles

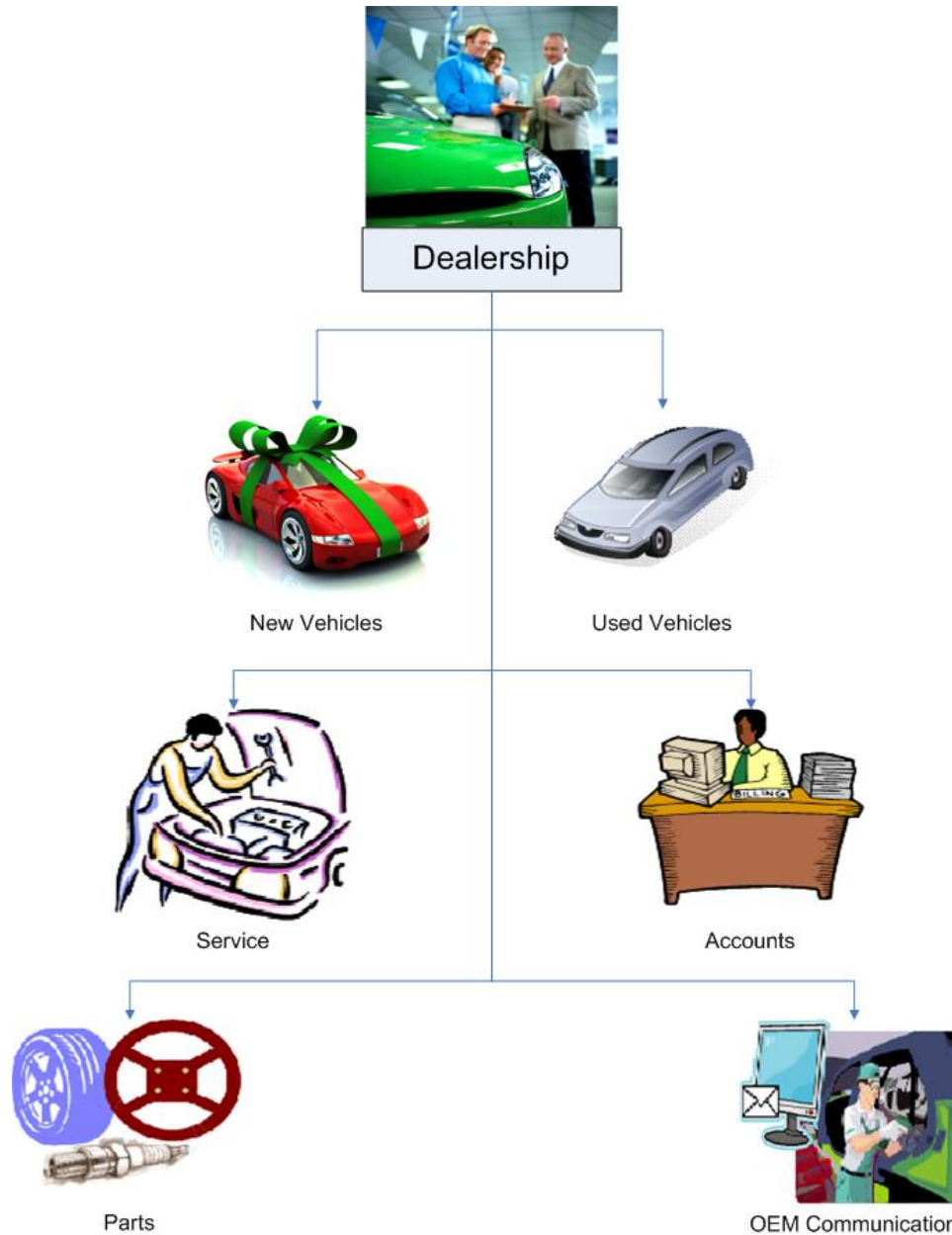
Automobile Dealerships Types

- **Authorized dealers or franchise dealerships**
 - Retailing new vehicles
 - Retailing used vehicles
 - Combine vehicle sales with other activities, such as providing repair services
 - Selling replacement parts and accessories

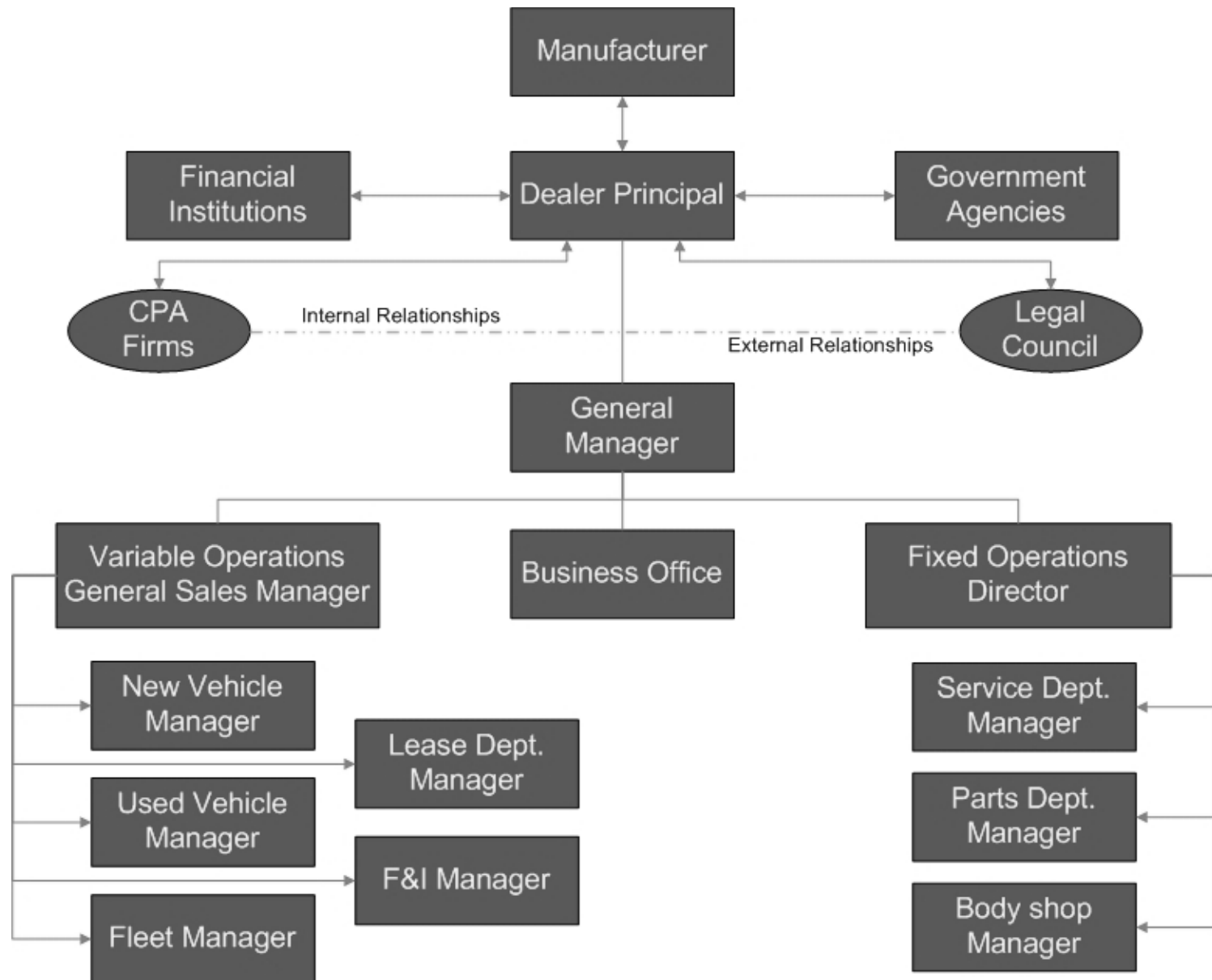
- **Standalone used vehicle dealerships**
 - Retailing used vehicles
 - Some provide repair services and parts replacements

- **Distributors + resellers**
 - Retailing heavy vehicles, special purpose vehicles, recreational vehicles
 - Retailing cars, SUVs, passenger and cargo vans in conflict or high-risk zones

The Big Picture



A Typical Dealership Org. Structure



Dealership Departments

Sales

New vehicle, used vehicle, and fleet sales make up this department:

- New Vehicle dept provides customer service in the new vehicle range
- Used Vehicle dept works with trade-ins as well as formerly leased vehicles.
- Fleet department maximizes opportunities in local businesses for their fleet activity.

F&I

Controls and operates all aspects of the Finance and Insurance roles within the dealership. This department manages the business operations and financial performance, while providing the highest level of quality customer service.

Service

This department takes care of all the maintenance requirements of vehicles, which may include manufacturer warranty, dealer warranty and paid service.

Parts

Works in tandem with the Service department and maintains an inventory of parts that customers are most likely to need, ensuring that service technicians can make repairs immediately when a vehicle comes in for service

Accounts

Ensures the smooth running of all the other departments by handling the flow of money into and out of the dealership

Body Shop

All dealers may not have this dept, and is optional. It handles collision damages, which are repairs that are not needed to sell new vehicles and are not part of service warranties.

Buyer Behavior

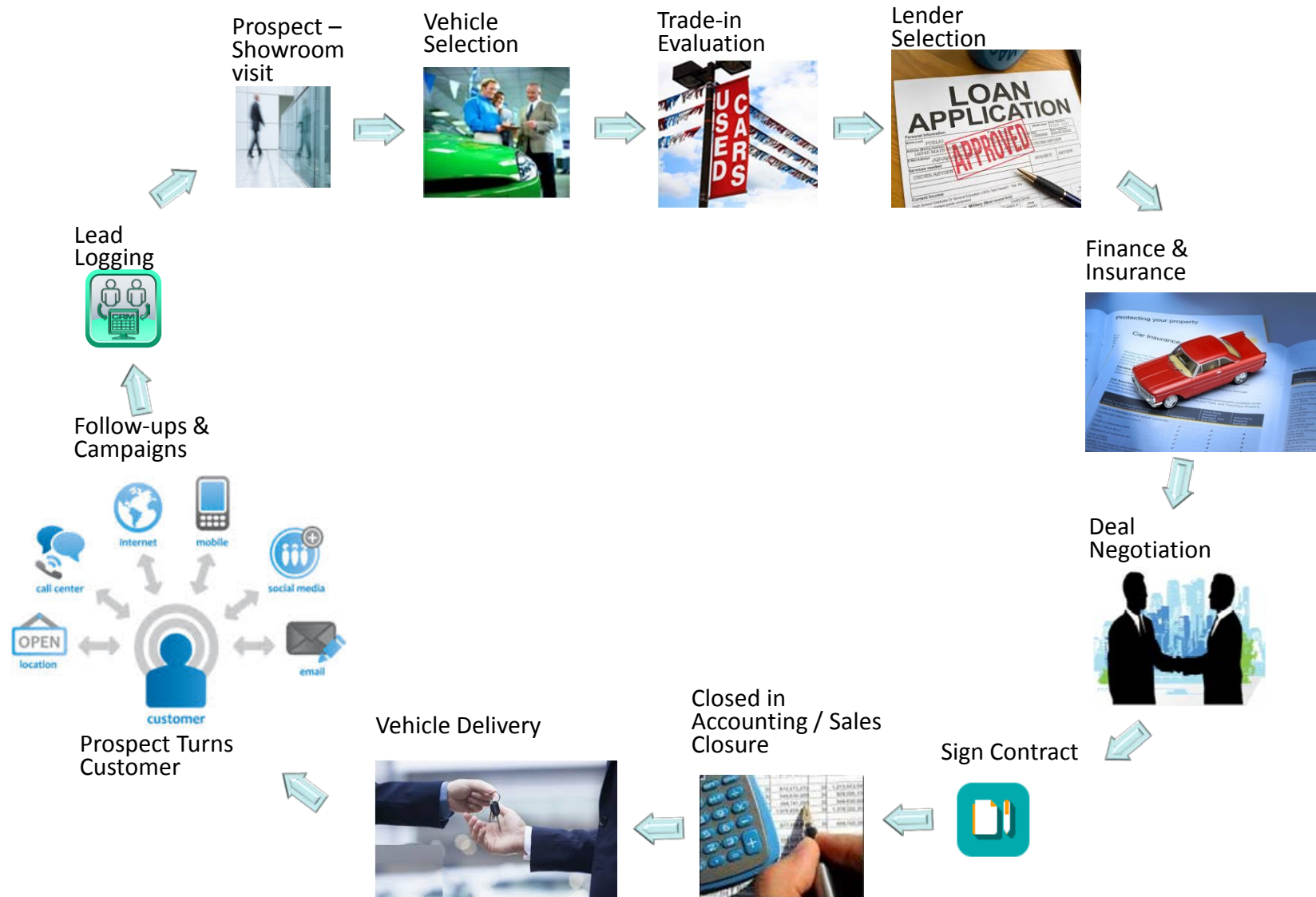
The road to a vehicle purchase starts online

- Buyers are internet-savvy and better equipped with on-the-go information
- Buyers browse online for information on vehicles, prices and dealers
- Buyers want a seamless vehicle-purchase experience including purchase decision, financing and insurance

Quick Stats

- 75% of car buyers spend their time shopping online
- About 500,000 cars are traded on eBay Motors' website every year
- 41% in 2012 and 71% in 2013 use mobile App (application) in shopping process

Vehicle Purchase Process



New Vehicle Sales Process



Prospect



Salesperson follow up



Sales manager
"desks" the deal
Sales desk functions,
Vehicle search, Payment
calculations



Prospect becomes
customer



Accounting dept.
finalizes the deal



F&I manager
"works" the deal

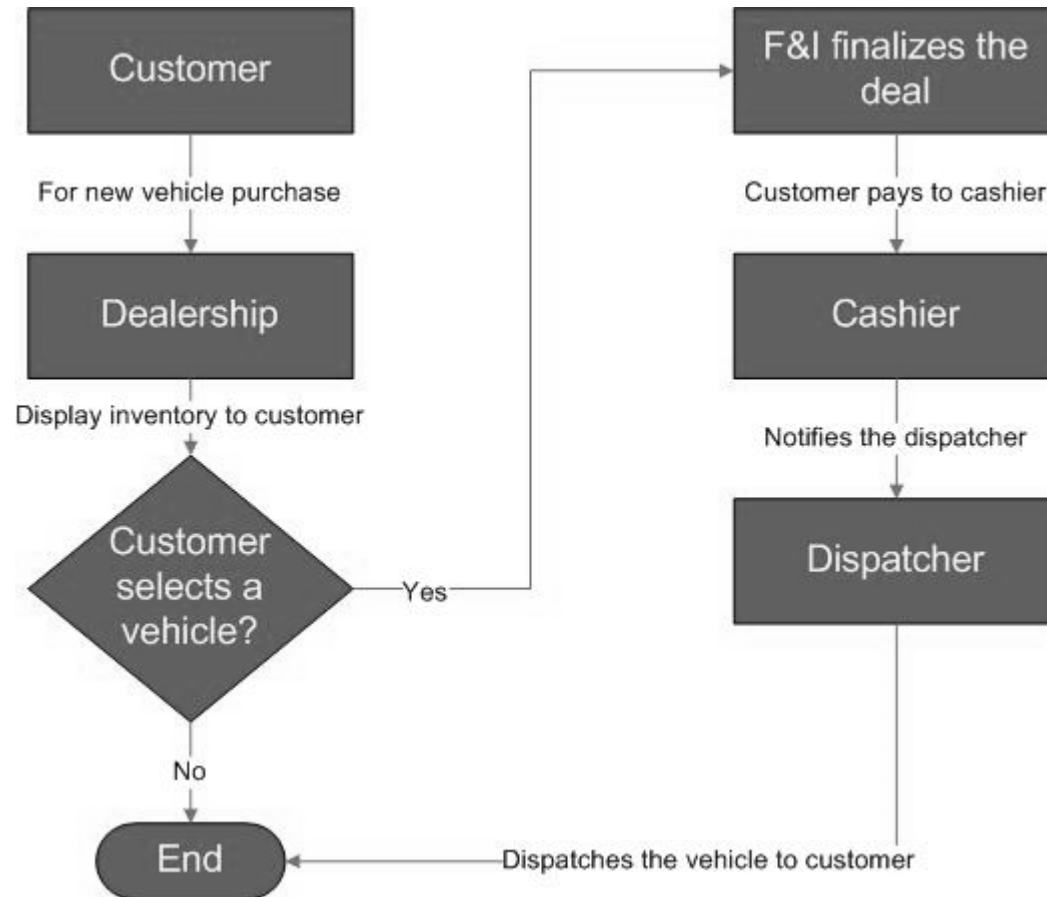
Vehicle
Delivery

Load details of deals,
service contract and
insurance,
Deal booking

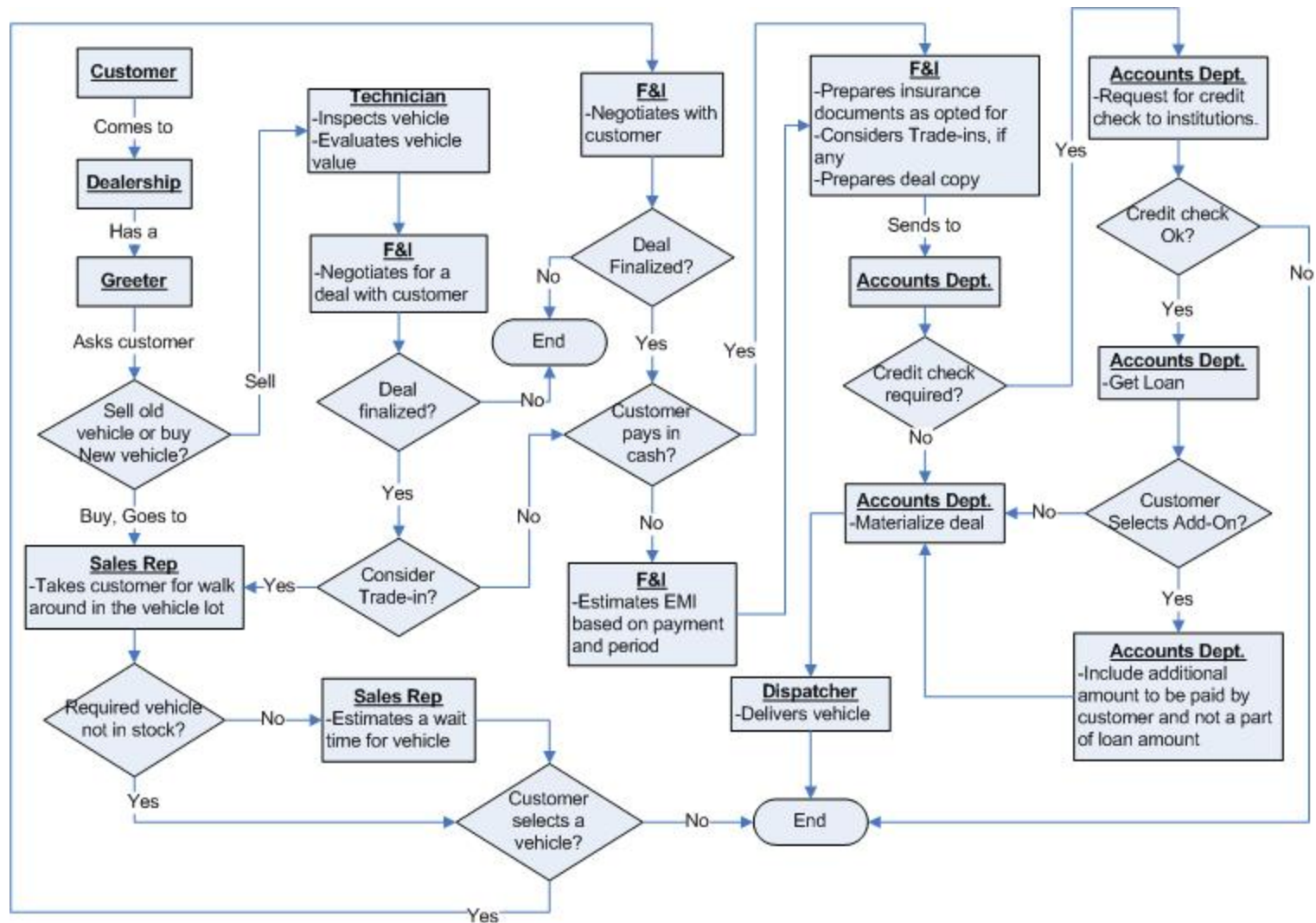
Roles in the Sales Dept.

General Manager	Ensures that the dealership meets its sales goals. The main focus of this role is to lead and motivate sales employees to effectively operate the department, while ensuring that the department's business targets are achieved.
New Vehicle, Used vehicle, Fleet/Leasing Managers	Either manage the New Vehicle, Used Vehicle or Fleet area of a Sales department within a dealership. Sales Managers lead and motivate a team of Sales Consultants to achieve predetermined sales targets, while ensuring complete customer satisfaction is delivered.
Finance & Insurance Manager	Controls and operates all aspects of the Finance and Insurance roles within the dealership. In this position, F&I manager is expected to manage the business operations and financial performance, while providing the highest level of quality customer service to our clients
Salesperson	Work in either Fleet, New or Used Vehicle sales. They assist customers with the purchase of their new vehicle, and explain and demonstrate vehicle features to customers.
Closer	Works with sales personnel to obtain increased profit on a vehicle sale and even close a tough sale

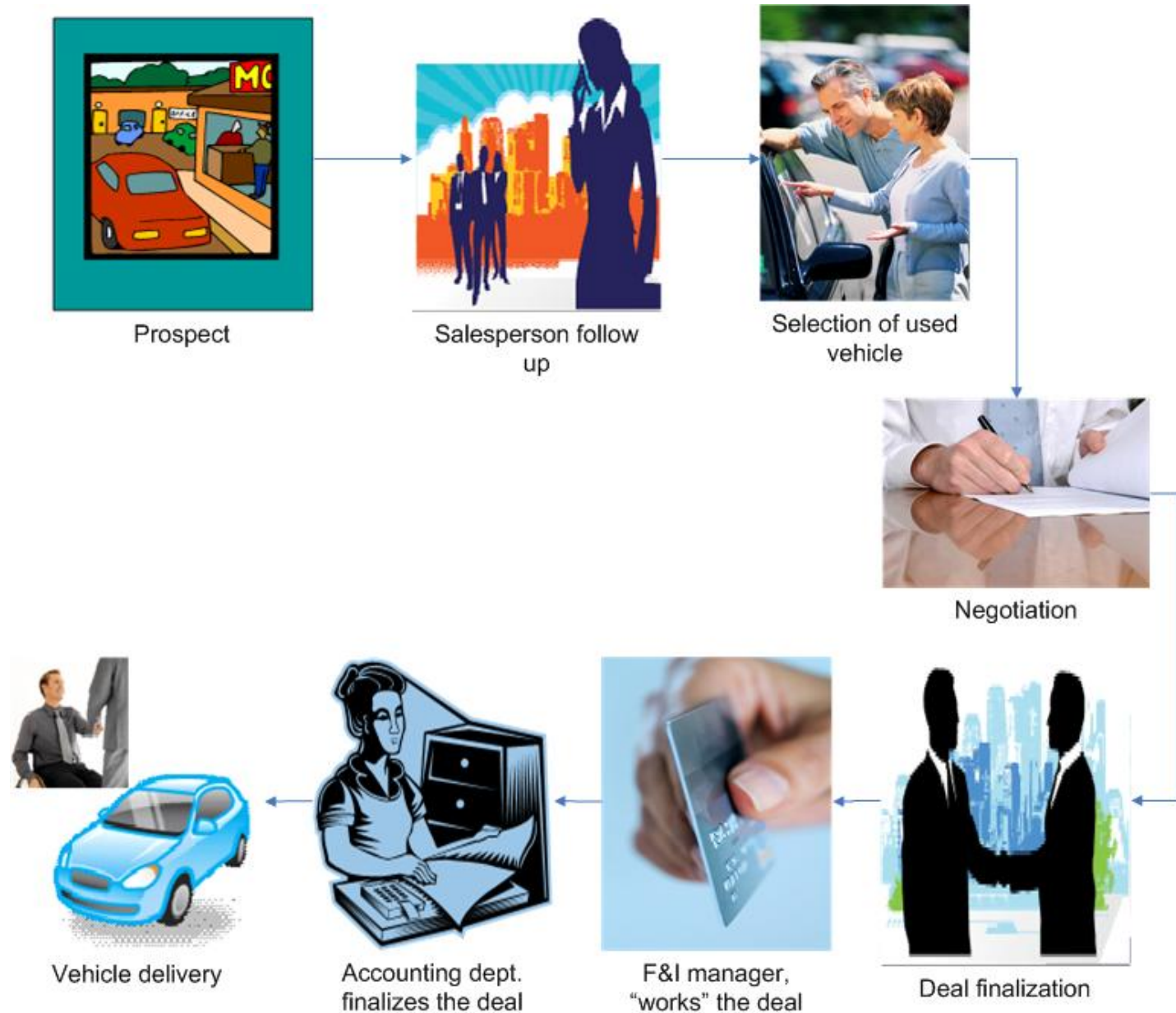
New Vehicle Sales Workflow – High Level



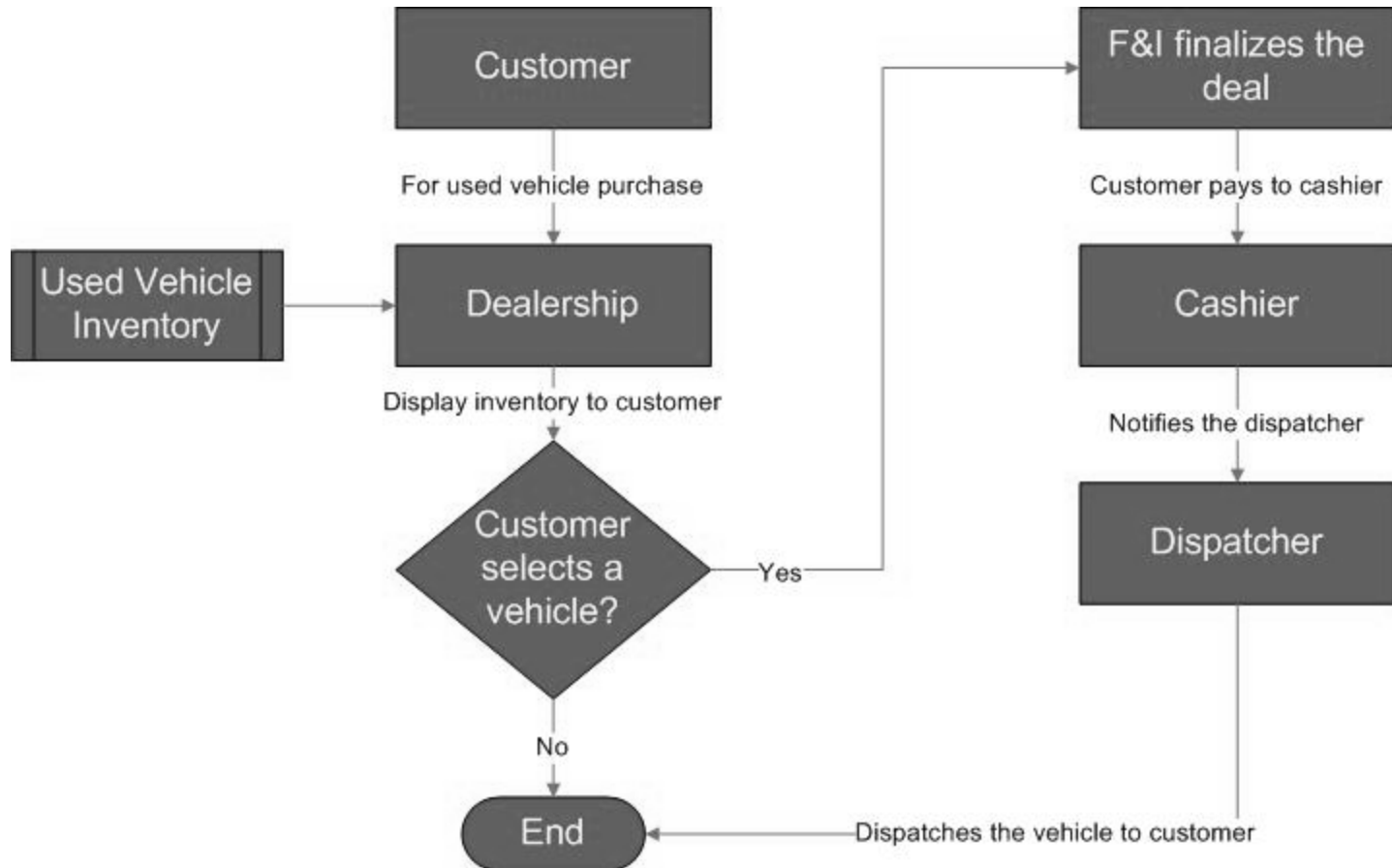
New Vehicle Sales Workflow – Detailed



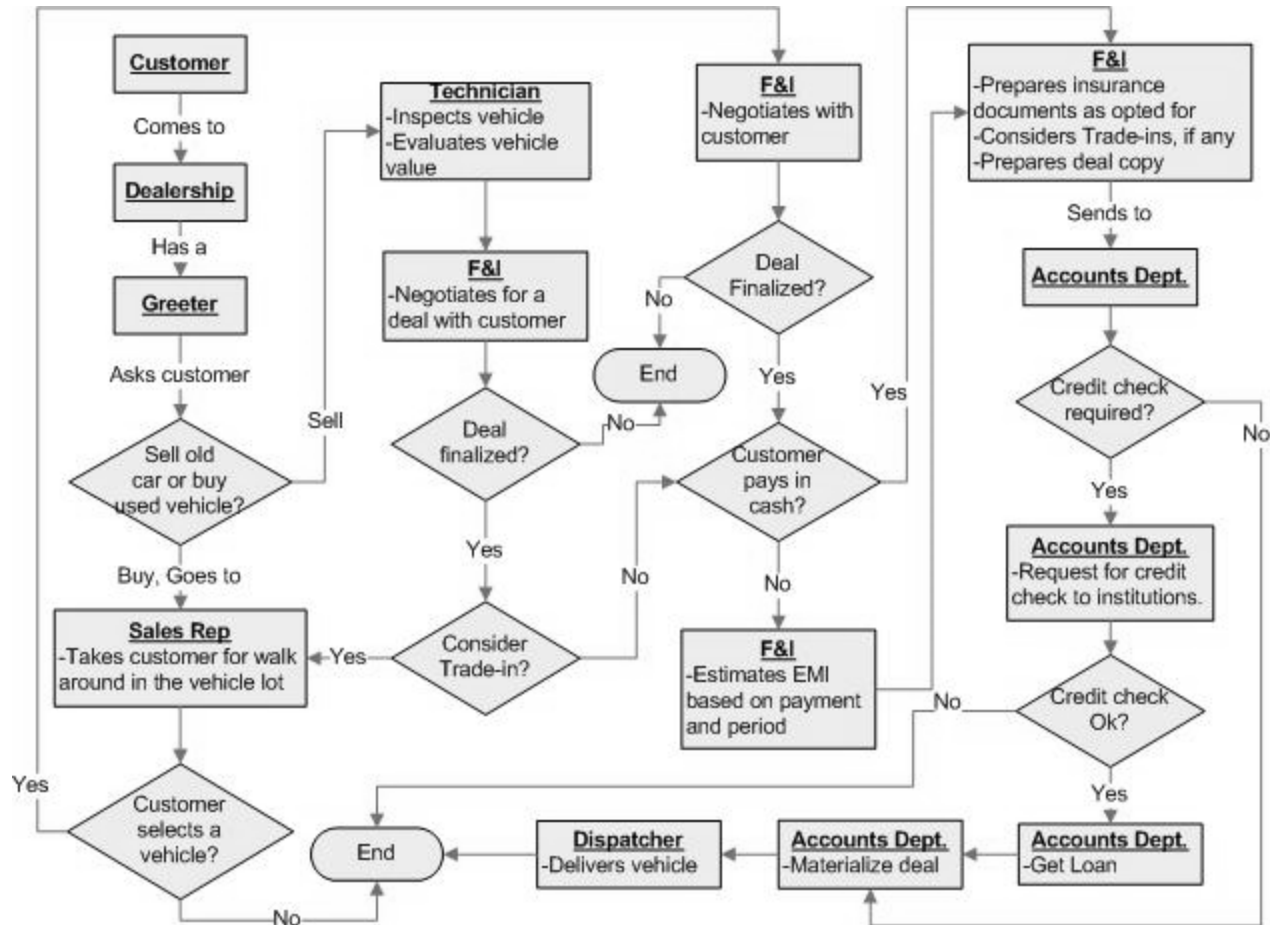
Used Vehicle Sales Process



Used Vehicle Sales Workflow – High Level



Used Vehicle Sales Workflow – Detailed



Vehicle Service Process



Customer makes an appointment



Service advisor greets the customer and prepares Work Order



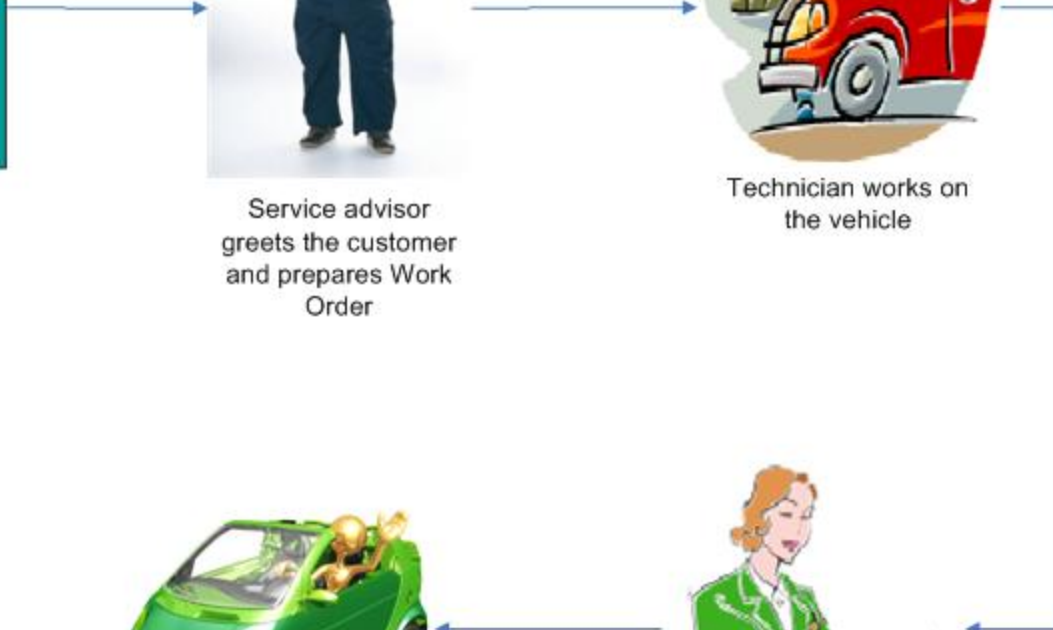
Technician works on the vehicle



Vehicle delivered to customer



Cashier collects payment



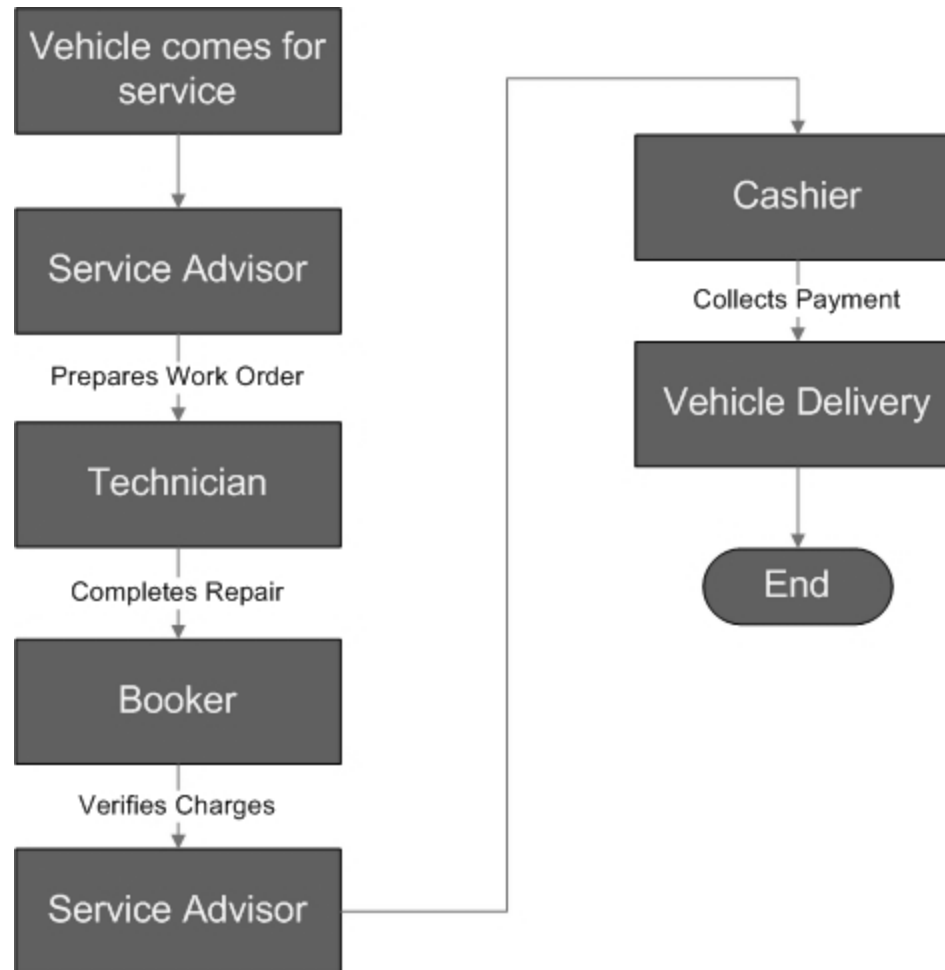
Roles in the Service Dept.

Greeter	Help guide the high flow of customers into the appropriate area. Typical job duties for a greeter include setting service appointments, verifying appointments, providing follow-up calls and informing the appropriate service advisor of your arrival.
Service Advisor	Primarily responsible for understanding the maintenance needs of your vehicle, such as normal maintenance or addressing a specific problem etc and getting the work done. Service advisors also contact customers if there are any additional services or costs that arise during service.
Dispatcher	Responsible for the flow of vehicles into and out of a facility. Service dispatchers understand the time and labor commitments required for each service and route your vehicle to the appropriate technicians who can perform these repairs.
Technician	Service technicians (aka mechanics) are considered the lifeblood of the service department. Technicians advise service advisors when problems exist that may require additional parts or services. In short, they're the ones who fix your vehicle.
Parts Counter Person	The parts counter personnel have the know-how to determine quickly what parts are available for your vehicle.

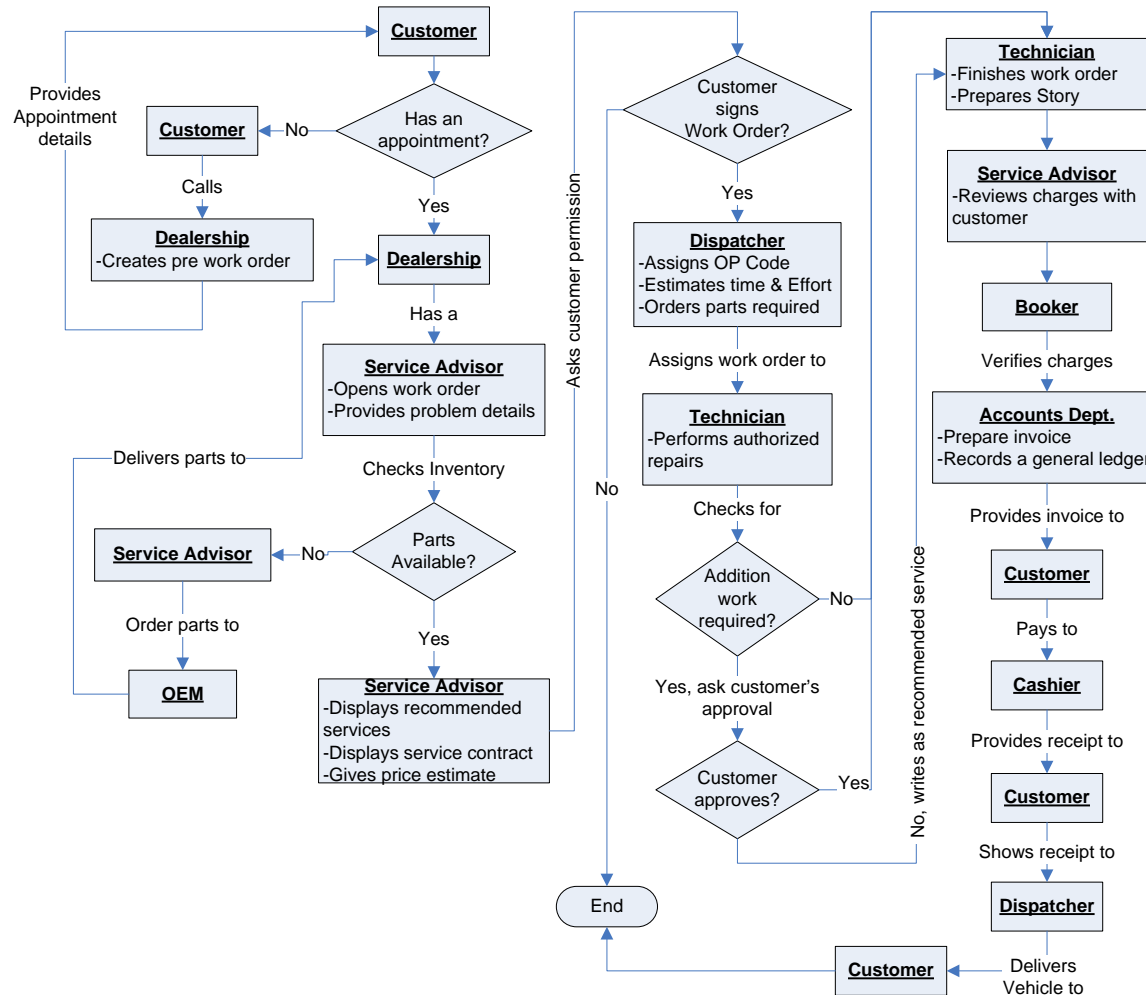
Roles in the Service Dept.

Lot Porter	Responsible for the movement of your vehicle from the service drive into a parking spot to await a technician. These individuals are also in charge of washing your vehicle and the delivery of your vehicle to the service drive.
Booker	The booker can be thought of as a bookkeeper in a traditional business. The booker is responsible for the matching of all components of service while your vehicle was at the service center. All of these receipts will be summed, any notes from the technician will be added to the paperwork and all information will be provided as an itemized statement.
Cashier	The cashier collects money due for service and directs the lot porter to bring your vehicle to the service drive. The cashier is privy only to the information on the paperwork and is not authorized to make changes.

Vehicle Service Workflow – High Level



Vehicle Service Workflow – Detailed



Parts Process



Parts manager orders stock



Parts arrive at the parts loading dock

Parts are sold

Back Counter



Parts sold to service repair orders

Front Counter



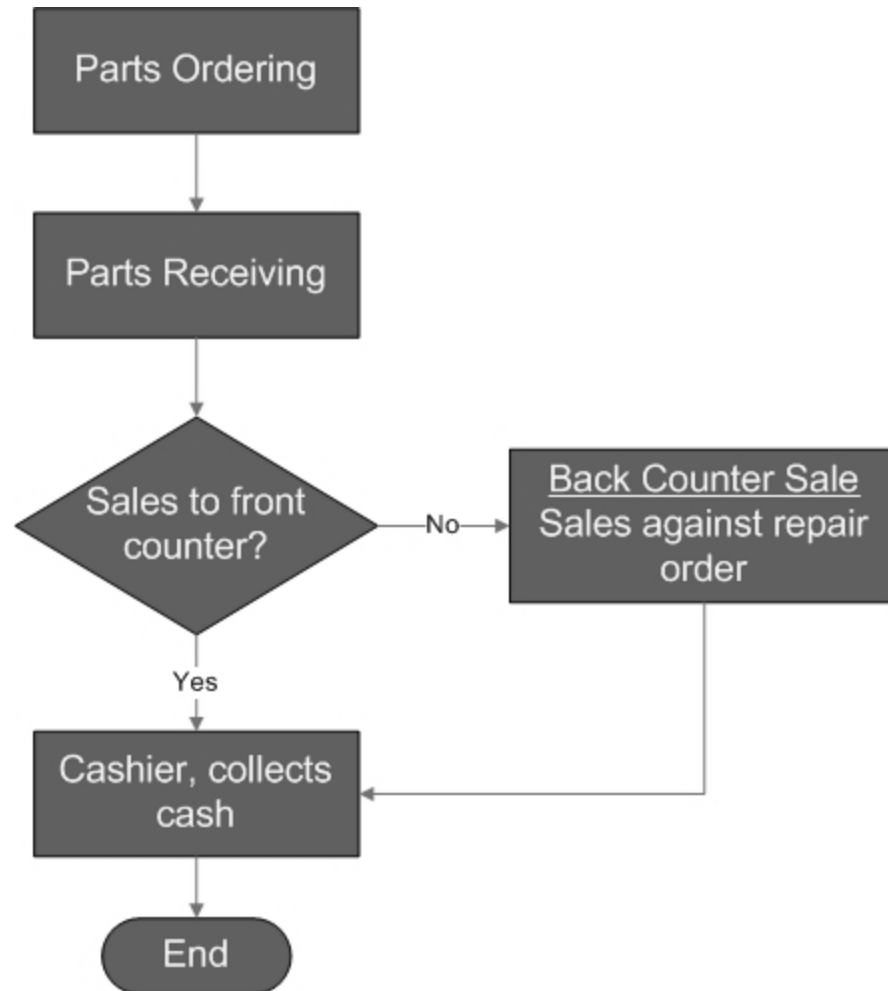
Parts sold to retail and wholesale customers

Cashier collects payment on repair order and front counter sales

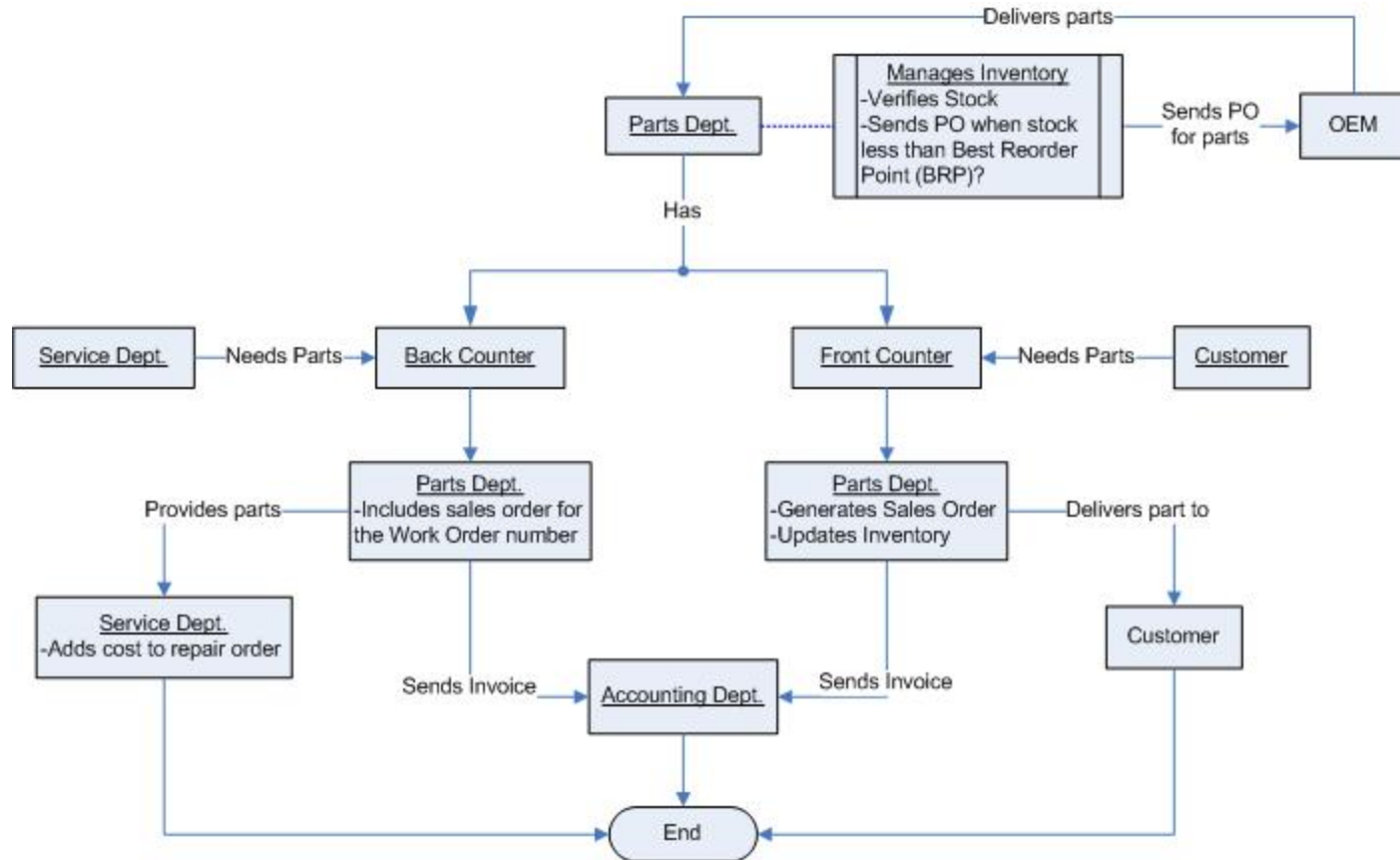
Roles in the Parts Dept.

Parts Manager	Manages and operates the Parts dept as a profit center by selling parts and controlling inventory
Assistant Parts Manager	Assists the parts manager in the operations of the Parts dept
Shipping Clerk	Ensures efficient and timely handling of parts shipments in and out of the department
Parts Picker	Ensures efficient and timely handling of parts orders from counter personnel
Parts Runner	Picks up and delivers parts
Front Counter Salesperson	Sells parts directly to retail customers
Back Counter Salesperson	Sells parts to the Service dept by co-ordinating parts needs with technicians
Wholesale Salesperson	Contacts parts buyers and gets commitments to purchase parts
Inventory Clerk	Maintains accuracy of the parts inventory

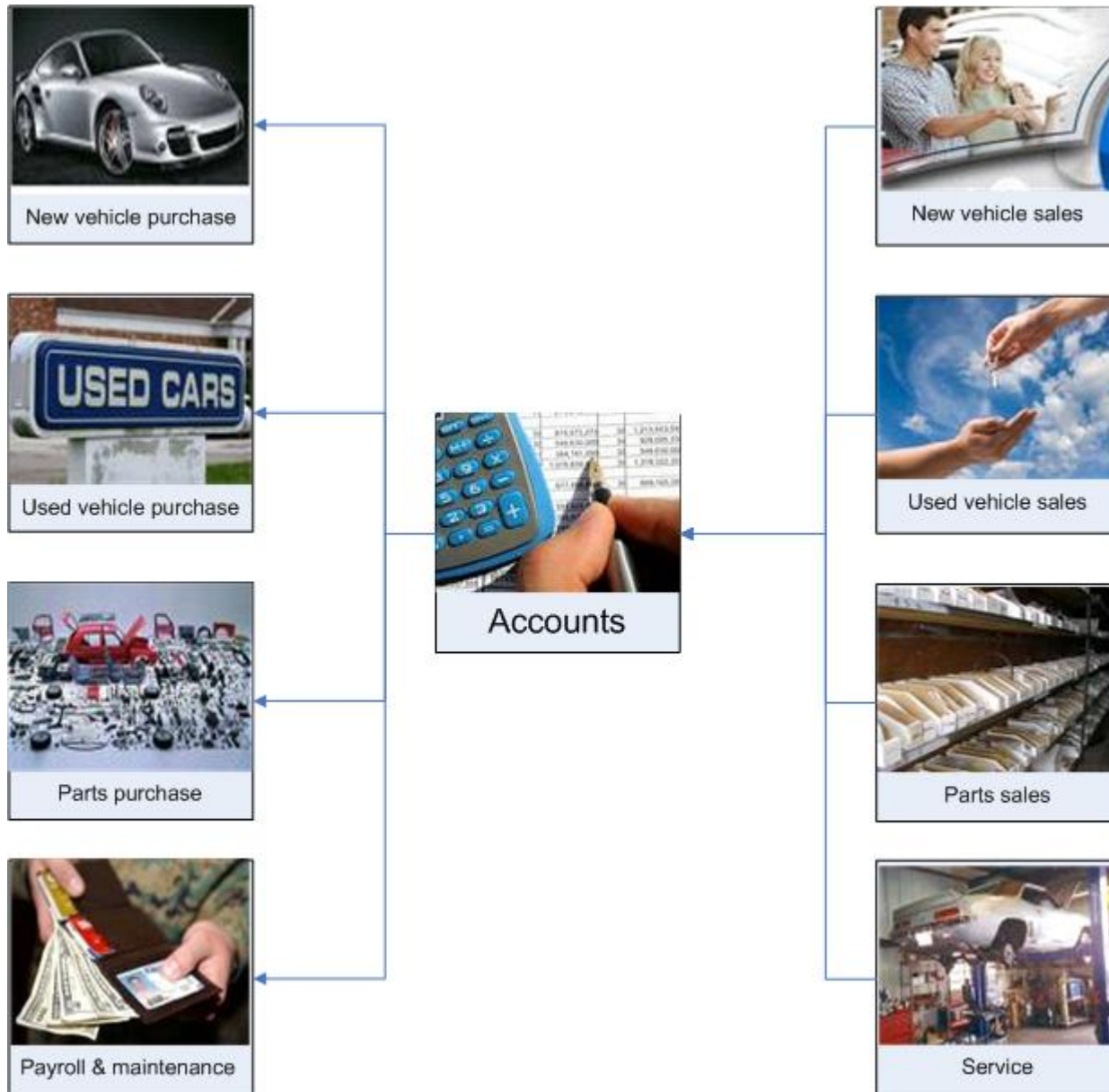
Parts Workflow – High Level



Parts Workflow – Detailed



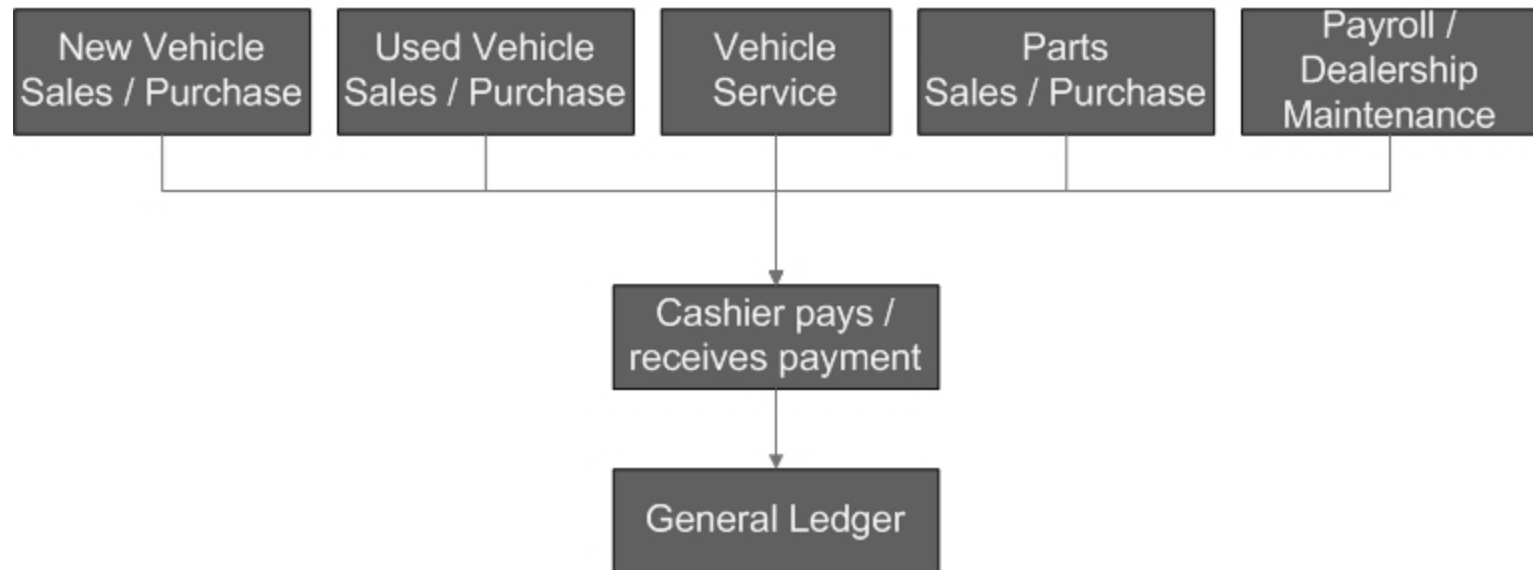
Accounts Process



Roles in the Accounts Dept.

Chief Financial Officer	Responsible for overall financial activity in the dealership
Business Manager	May act as Controller in cash dealings, determines appropriate inventory levels to allow, establishes internal controls, and provides management information to the decision-maker
Office Manager	Ensures efficient operation of the dealership office
Payroll Clerk	Handles all paper/digital work and posting of employee pay
General Posting Clerk	Handles all posting not completed by other clerks
Cashier	Handles all money transactions – service, parts, petty cash, vehicle deposit receipts etc
A/R Clerk	Handles all paper/digital work and posting for monies owed to the dealership (Receivables) – e.g. customer records and credit limits
A/P Clerk	Handles all paper/digital work and posting for monies owed by the dealership (Payables) – e.g. vendor records and invoices
Title Clerk	Reviews all F&I deals for completeness, post F&I deals to GL etc
Vehicle Clerk	Handles all paper/digital work and posting related to new and used vehicle sales

Accounts Workflow – High Level

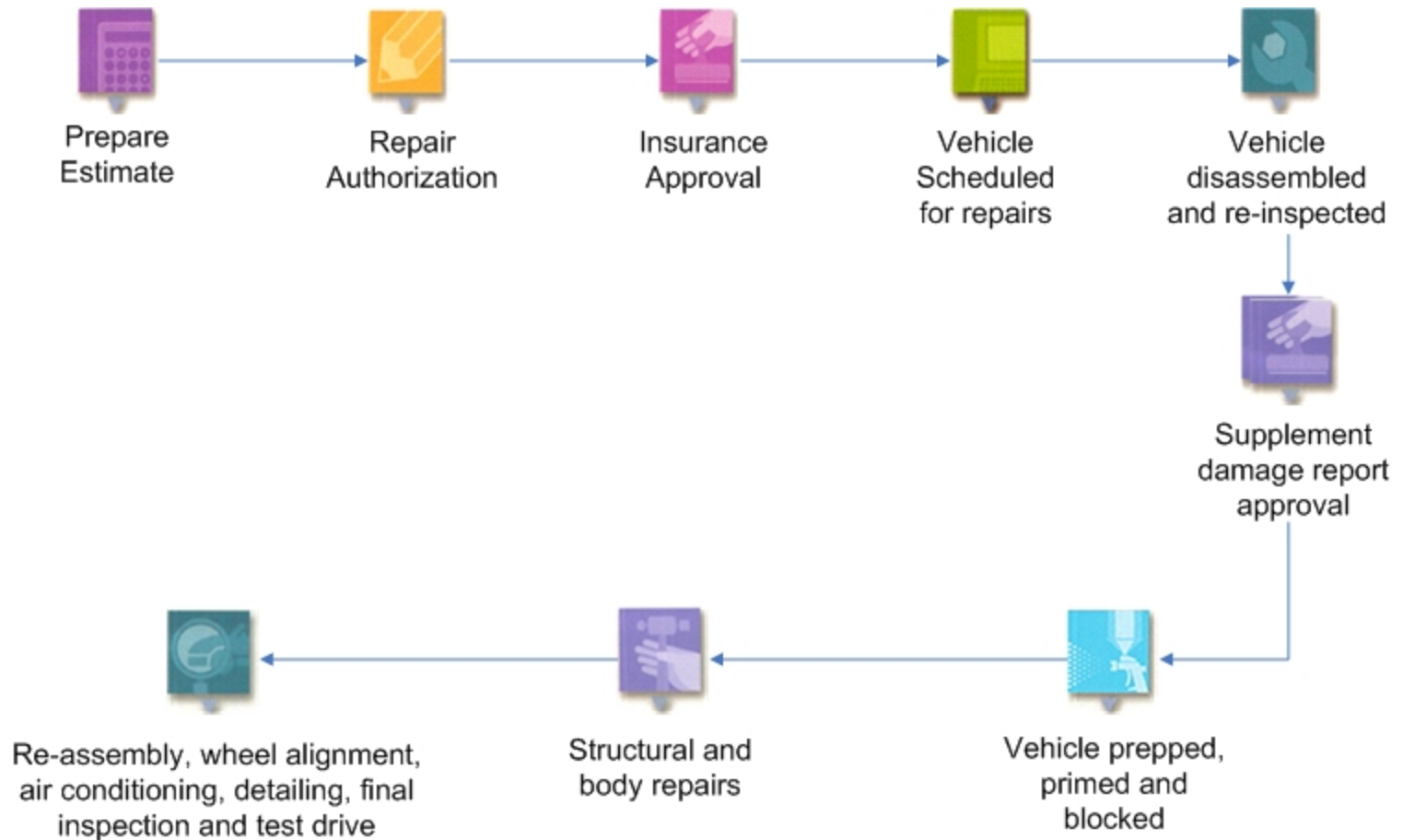


Body Shop Process



Note: A body shop is an optional department of a dealership. However, most dealers usually have one common body shop, located either at one of the dealerships or a standalone low-rent location, to service customers of all its brands.

Body Shop Process



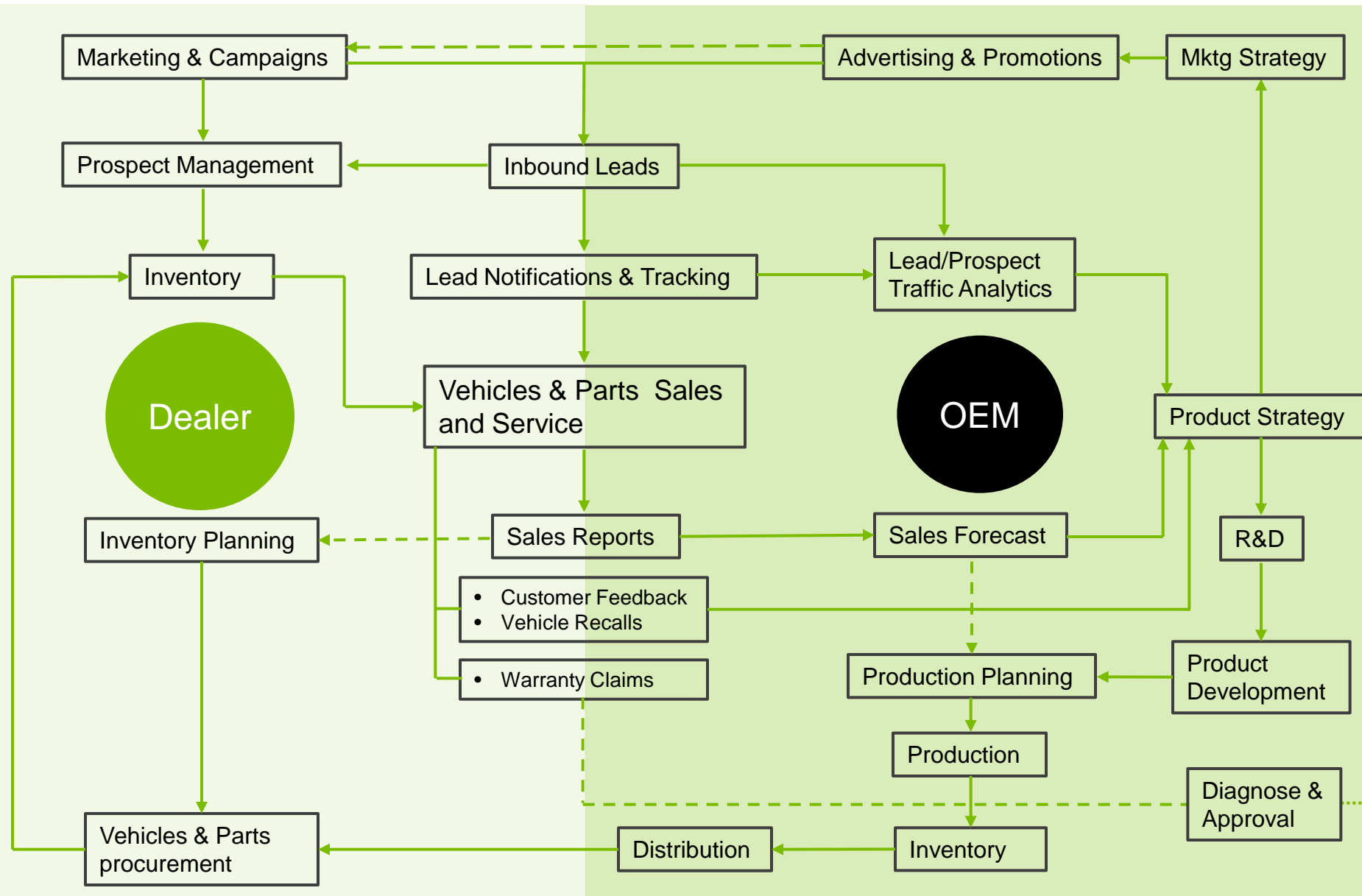
OEM & Dealership – A Common Goal



OEM – Dealership Business Process



OEM – Dealership Collaboration



Thank You!