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THE MOTOR DEALER REPORT FROM AUSWILD & CO
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IS YOUR DEALERSHIP MARKET DRIVEN OR MANAGEMENT DRIVEN?

What is the difference? The difference is pretty simple – market driven dealerships hope and wait for it to happen; management driven dealerships make it happen!

And if you look closely at dealerships in today's post-Covid world, this distinction is very likely going to be the difference between shutting the doors and having a profitable year.

According to ***Joe Verde****, market driven dealerships "ride the waves". When times are good, they do pretty well – but when times are bad, they follow the market trend right down the gurgler! We aren't just talking about small dealerships either. A lot of big dealerships and dealership groups are also market driven.

Market driven dealerships do not focus on training and managing their people or on developing their own floor traffic to bring their sales numbers up. They tend to be focused on advertising, acquisitions and expense controls. And because of this, they have to rely on external factors such as the economy going well, easy credit and even on good weather to make their numbers for the month. These external factors cannot be controlled by the dealer or the dealership, and accordingly, when times get tougher, so too does the sales and revenue of market driven dealerships.

Today you can see the devastating effects of a tougher economy on those market driven dealerships, dealer groups, salespeople and managers who have never developed their leadership, management and selling skills and who do not know how to develop and retain their own customers.

Management driven dealerships also enjoy the benefits of a great economy. However, they are already good – and in good times, they are even better. Even in the best times, management driven dealerships continue to work hard at developing their leadership and management skills. They develop effective processes, they develop their salespeople and they focus on employee and customer satisfaction. More importantly, so that they can guarantee their independence from the constant swings of the market, they focus on customer retention.

Management driven dealerships –

- Understand the basic principles of running successful dealerships. They understand and have in place the fundamental operational and sales processes that ensure long-term profitability and customer loyalty, especially when market conditions become challenging.

- Understand that it is 5 times less expensive to keep a customer than it is to try and buy a new one. Management driven dealerships do not follow up their sold customers to get better CSI scores. They walk every sold customer to their service department before delivery, so they remain a customer of the dealership until it is time to become a customer in the sales department again, for that next purchase.

- Have effective management and sales processes and procedures to ensure that everything that is supposed to happen in sales every day – does happen every day! Salespeople's activities are monitored and measured, with the focus on continual improvement. They do not hope that salespeople follow up the unsold prospects – there is a process in place to make sure it happens. They do not hope that a sold customer makes it back to service – the process guarantees it.

- Don't settle for warm bodies in sales and they don't stick an unqualified or under-qualified person in a management position. They hold out for the people who can help them grow, because they know for every wrong salesperson they hire and for every wrong manager they put in a position, they will lose unrecoverable sales, profits, prospects and customers.

- Know that the service and parts departments are the lifeline of a dealership, often providing a buffer during sales fluctuations. Management driven dealerships manage their stock levels and reduce obsolescence in parts inventory. They work at constantly improving technician productivity and maintaining accurate time clocking.

- Understand the importance of daily coaching so the team can improve. All sports teams have coaches and players. The coaches are there to train and nurture the players and to keep them focused on the game plan. Keep in mind that "bossing" isn't coaching.

- Have a clear vision of where they are headed, have clear goals to get them there and they develop a plan of action that will lead them directly to their goals.

- Work to develop everyone's skills, giving them clear guidelines on what they expect and everyone is held accountable to do their job.

Management driven dealerships completely understand:

"If it is to be, it's up to me"

They train, coach and manage their salespeople daily.

So, is your dealership market driven or management driven?

*****Joe Verde***, the President of the **Joe Verde Group**, has been in the automotive business in excess of 45 years – as a salesperson, manager and dealer principal. In 1985 he founded the Joe Verde Group and is the leader in dealer, management and sales training. Joe is in constant demand as a speaker at automotive conferences throughout the world.*

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CONGRATULATIONS to ***Sutherland Isuzu Ute*** who were recognised by ISUZU Ute Australia as their 2025 Metro Dealer of the Year…..and to ***Peter Kittle Toyota (Para Hills)*** who were also awarded the 2025 Toyota Central Region Metro Dealer of the Year as well as the President's Award.

For additional information, please contact your
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Important: This is not advice. Clients should not act solely on the basis of the material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without prior approval.