

Chrysler Minority Dealers Association The Handshake Newsletter



August 2024



The 2024 CMDA Summer Meeting Is On Its Way!

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THE PRESIDENT'S CORNER



CMDA Members, Sponsors and Partners,

The temperatures are at their highest point and so are the sun rises in the morning. That means it is time, once again, for our Summer Membership Meeting. I am looking forward to this meeting because it will be my first one as Association President. It will also give me the opportunity see everyone again and to hear about new challenges and to speak with our members.

Our 2024 Summer Membership Meeting will be in a couple of weeks in St. Thomas, US Virgin Islands on September 11th – 13th. Not only will this be a warm environment, it will be an environment of warmth that is created by the bonds that we all share with each other.

Our theme “Driving Forward, Shifting Always” speaks to the fact that we should always be moving forward and not backwards. Additionally, as we move forward, we should always be prepared to “bob and weave” so that we are not knocked out by any of the trials and tribulations that will be in our path.

Our upcoming 2024 Summer Meeting will allow us to continue to forge new bonds, to develop new experiences and memories and to continue to grow together as we continue to support our Association.

I am looking forward to seeing you all soon!

Sincerely,

Gene Johnson

Gene Johnson



Members and Stakeholders of the Chrysler Minority Dealers Association,

We are in the fourth quarter of Summer. This brings great news. Kids are returning to school. It is time for my favorite season, football season, to start. And most of all, it is time for our 2024 Summer Membership Meeting!

Our Summer Meetings are always exciting to me because, in addition to the sunny environments, they always bring opportunities for me to grow in experiences and to grow in my relationships. I have a thirst for learning and a massive appetite for gaining new relationships, personal and professional. Our Summer Meetings are a great venue to do both of those things.

In addition to meeting new people and strengthening my learning toolkit, the Summer Meetings give me a chance to learn how I can serve you better as members and stakeholders of our Association. It is through these interactions that I am able to continue to make the Association a worthwhile endeavor for us all.

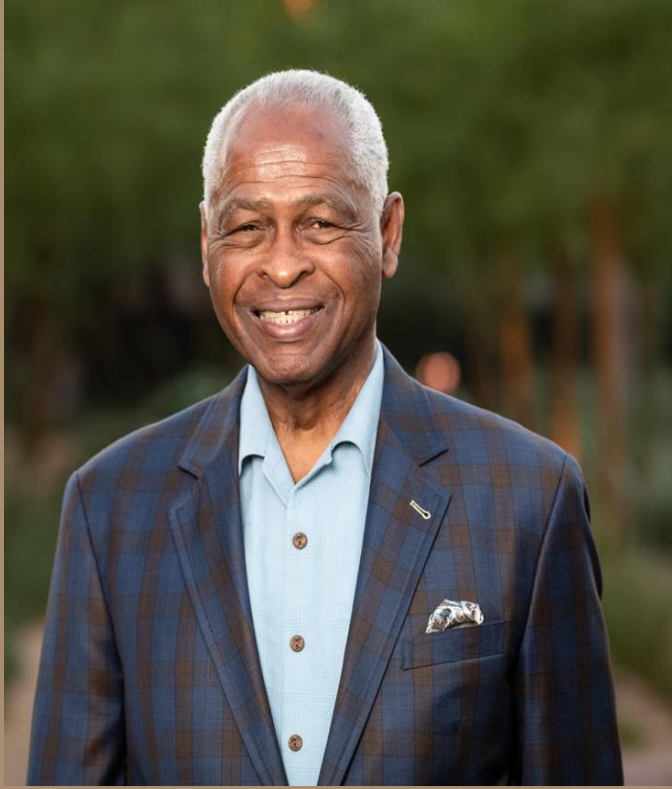
With that being said, I encourage you to make the most of this upcoming meeting and share some of your knowledge and experience with others as well as with me.

I am looking forward to experiencing the natural sunshine in St. Thomas as well as the sunshine that is created through my bright and fruitful relationships with our members and partners.

Mitch Mitchell
Mitch Mitchell
CMDA Executive Director
emitchell@chryslerminoritydealers.org

2024 – 2025 CMDA BOARD

Executive Board Members



President
Gene Johnson
Rainier Dodge (Olympia, WA)



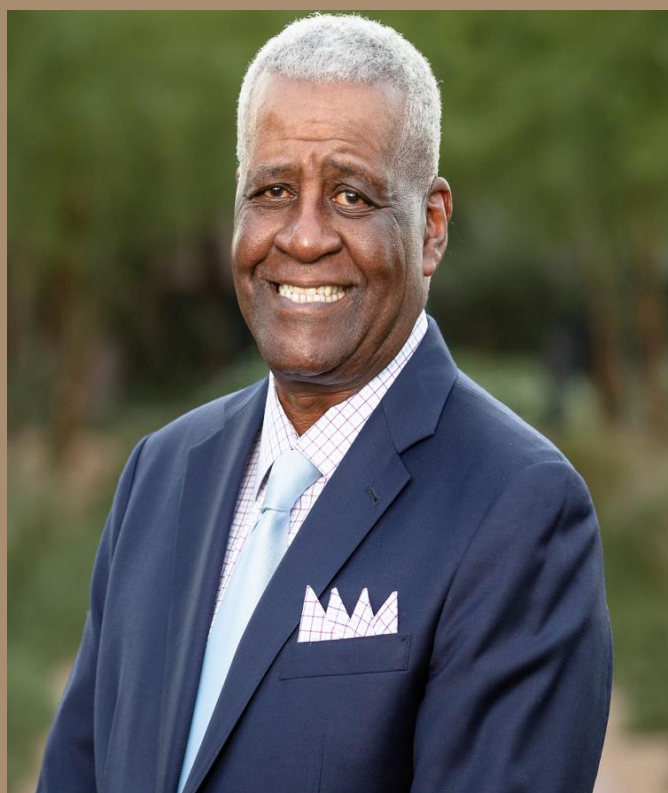
1st Vice President
Devinder Bains
Turlock CDJR (Turlock, CA)



2nd Vice President
Joey Crisostomo
Cars Plus Guam (Maite, Guam)



Treasurer
Jay Rivchin
S. Miami Alfa Romeo (Miami, FL)



Secretary
Ray Fregia, Sr.
Courtesy Motors (Danville, IL)



Immediate Past President
Gus Rodriguez
CDJR City of McKinney (McKinney, TX)

2024 – 2025 CMDA BOARD

Members At Large & Executive Director



Member At Large
Christa Billeaud
Acadiana CDJR (Lafayette, LA)



Member At Large
James Davis
Gulfgate DCJR (Houston, TX)



Member At Large
Jay Gill
Gill Automotive (Madera, CA)



Member At Large
Eddie Hall III
Northland CDJR (Oak Park, MI)



Member At Large
Andrew Suvanvej
St. Helens CDJR (Warren, OR)



Executive Director
Mitch Mitchell
CMDA Office (Troy, MI)

CMDA

CHRYSLER MINORITY DEALERS ASSOCIATION

SUMMER MEETING

DRIVING FORWARD, SHIFTING ALWAYS



THE RITZ-CARLTON

SEPTEMBER 11-13

RITZ CARLTON - ST. THOMAS, U.S. VIRGIN ISLANDS

2024 CMDA Summer Meeting Schedule

CHRYSLER MINORITY DEALERS ASSOCIATION

*All Events Will Take Place At
The Ritz Carlton- St. Thomas Hotel
6900 Great Bay
St. Thomas, U.S. Virgin Islands*

Wednesday, September 11, 2024

Board Meeting Breakfast	(Board Only)	8:00AM - 9:00AM
Board Meeting Morning Session	(Board Only)	9:00AM - 12:00PM
Board Meeting Luncheon	(Board Only)	12:00PM - 1:00PM
Board Meeting Afternoon Session	(Board Only)	1:00PM - 4:00PM
Membership Welcome Reception	(All Attendees)	6:00PM - 9:00PM

Thursday, September 12, 2024

General Meeting Breakfast	8:00AM - 9:00AM
General Meeting Morning Session	9:00AM - 12:00PM
General Meeting Luncheon	12:00PM - 1:00PM
Afternoon Session / CMDA Members Only Session	1:00PM - 4:00PM
CMDA Networking Reception	6:00PM - 7:00PM
CMDA Keynote Dinner Gala	7:00PM - 9:00PM

THE RITZ-CARLTON

CMDA

CHRYSLER MINORITY DEALERS ASSOCIATION

Driving Our Future

2024 CMDA Summer Meeting Schedule

CHRYSLER MINORITY DEALERS ASSOCIATION

*All Events Will Take Place At
The Ritz Carlton- St. Thomas Hotel
6900 Great Bay
St. Thomas, U.S. Virgin Islands*

Friday, September 13, 2024

Member/Family/Attendee Breakfast 8:00AM - 9:30AM

**Member/Family/Attendee Social Events
(Independent Activities On Your Own)** Times Dependent on Activity
& Individual Schedules

- **Golfing Simulator @ Ritz Carlton Hotel:** 8:00AM – 11:00AM
- **Poolside Social Event (Ritz Carlton Pool Area):** 11:00AM – 4:00PM
- **Various Activities At Guest Choice:** Times Vary

**CMDA Sunset Cruise / Farewell Reception:
(Aboard Lady Lynsey Luxury Catamaran)** 5:30pm – 7:00pm

Evening Island Plans (Guest Choice) 6:00PM - 11:00PM



THE RITZ-CARLTON

CMDA

CHRYSLER MINORITY DEALERS ASSOCIATION

Driving Our Future

2024 CMDA Summer Meeting Dinner Gala Event Keynote Speaker

CHRYSLER MINORITY DEALERS ASSOCIATION



Ray Lewis
NFL Hall of Famer
2-Time Super Bowl Champion
7 – Time First Team All Pro Selections
NFL 100th Anniversary All Time Team Selection



THE RITZ-CARLTON

CMDA

CHRYSLER MINORITY DEALERS ASSOCIATION

Driving Our Future



CMDA

CHRYSLER MINORITY DEALERS ASSOCIATION

SUMMER MEETING

DRIVING FORWARD, SHIFTING ALWAYS



CMDA

CHRYSLER MINORITY DEALERS ASSOCIATION

Driving Our Future

MEMBERS IN THE SPOTLIGHT



CMDA Board Member James Davis Receives NAMAD Lifetime Achievement Award At 2024 Conference



James Davis, President of Gulfgate Dodge Chrysler Jeep in Houston, Texas has been in the retail automotive industry for over 40 years and since his graduation from North Carolina A & T University.

He became a dealer principal and owner of Gulfgate DCJ in 2002 through Chrysler's Market Investment Program.

James has a passion for assisting and guiding others in our industry and paying forward the mentoring benefits that he received early on in his career.



James Davis is flanked by his wife and daughter as he receives the NAMAD Lifetime Achievement Award at the 2024 NAMAD Conference in Miami, Florida

2024 MEMBERSHIP

BENEFITS



Members, please remember that our Association provides you with the following benefits:

- Interaction with leading OEM, vendor and other stakeholder executives and influencers*
- A collective voice within the automotive industry and with automotive OEM's and executives.*
- A viable way to network, interact and mentor with dealers who share similar experiences.*
- Participation in business and educational meetings that promote ethnic minority dealers and their businesses*
- The opportunity to contribute to the growth and development of ethnic minority dealer candidates*
- The opportunity to be a direct contributor in strengthening our partnership with Stellantis*

DEALERS HELPING DEALERS!!! WE NEED YOU!!!

2024 MEMBERSHIP

BENEFITS (FINANCIAL)



Additionally, CMDA members are entitled to the following financial benefits as well:

NADA Dealer Academy Minority Candidate Support – (\$32,000)

Total funding (tuition, lodging, travel) for ten (10) ethnic minority candidates from CMDA dealerships to attend the NADA Dealer Academy. This will assist in the development of the next generation of minority dealers in the automotive industry.

Training Support – (\$10,000)

- A \$10,000 reimbursement for training and operational support activities, including 20 Group activities, Stellantis' Performance Institute training expenses and Degrees@Work Program.

CMDA Member Meetings Participation Incentive – (\$8,000) **Increased For 2024****

- Annual attendance incentive of \$4,000 for attending the CMDA Annual Meeting and Summer Meeting. A total possible incentive of \$8,000.

Dealer Association Membership / Conference Attendance – (\$2,000)

An annual reimbursement of up to \$2,000 for dealer association(s) membership (i.e. NAMAD, NADA, state dealer association, etc....) and/or expense for registering/attending a Dealer Conference (i.e. NAMAD conference, NADA convention, etc....).

Charitable Event / Donation Support – (\$2,000)

- An annual \$2,000 reimbursement to assist CMDA members with their local charitable endeavors and emphasize the importance of community support.

NAMAD Membership Dues Payment – (\$500)

- Membership and payment of annual dues in the National Association for Minority Automobile Dealers (NAMAD). ***This is paid for members directly CMDA.***

Preferred Pricing – CMDA Membership

- Financial and operational benefits and preferred pricing from our sponsors

Become a CMDA Member



**Chrysler Minority Dealers
Association**

Driving Our Future



Being a Chrysler Minority Dealers Association Member has its benefits. If you are looking to become a part of this great organization, please contact Mitch Mitchell, the Executive Director, at the CMDA office at (248) 687-1088 or emitchell@chryslerminoritydealers.org for more information or completing a DAP-7 dealer application.

Preparing for storm season with the help of an ally.



Summer weather can be unpredictable, and as storm season approaches, now is a good time to review your emergency plan and take steps to ready your dealership and staff for a potential severe weather event.

We know the biggest threats to your dealership are wind and water. Locations throughout the country are subject to catastrophic storms (e.g., rising water, flash flooding, tides). To protect your people, property and inventory, here's what you need to know.

STEP 1: Create/update your emergency plan.

This includes evacuation and communication instructions, designation of a second safe/secure meeting place, development of an organized contact list and appointment of emergency leadership.

Update any items that need to be addressed before the start of the upcoming storm season: staff changes, email contacts, phone numbers, new improved communication system, last year's "safe" parking garage is no longer available, etc.

STEP 2: Back it up.

Before bad weather strikes, back up all your critical data and documents. This would include making copies of documents to store in a second, secure location and backing-up data to the cloud.

STEP 3: Make moves.

Early execution of your plan is a key to saving inventory. Year after year, dealers in the process of moving cars are caught with vehicles that suffer water damage because the relocation process did not begin soon enough. Start as soon as there is indication that your lot may be at risk in order to protect your inventory as well as the safety of dealership personnel.

STEP 4: Review your policy.

Review your commercial insurance coverage with your local Ally Dealership Insurance representative to ensure you're fully protected. As always, our dedicated team is here to help navigate through the best and worst. We'll be here as you shore up your plans and throughout the claims process should disaster strike.

Staying ahead of storms can have a huge payoff. Be ready for action, and we'll be with you every step of the way.

ally do it right.

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Celebrating a summer of success

CMDA interns share their experiences for growth

As college students across the country return to class, among them are bright young participants in the CMDA summer Internship Program, who, over 10 weeks, have gained valuable insight into the opportunities that await within the automotive industry.

Each year the CMDA, Chrysler Capital and Santander Consumer USA pave the way for minority students to get

real-world dealership experience that can introduce and foster a career in this area, as well as identify and train future leaders.

With another enriching internship season at CMDA dealerships now complete, we caught up with some of the students to share their thoughts and memories.



Mary Ratemo | Dadeland Dodge Chrysler Jeep, Florida

Being new to the automotive industry, Mary Ratemo reveals the internship not only introduced her to the field, but also gave valuable insights and hands-on experience that has sparked her interest and passion for the field. Her most memorable experience was when CDK was hacked. Despite the absence of this critical system, it was fascinating for her to see the dealership operate at its full potential. This situation highlighted the dealership's resilience and the employees' ability to manage without relying solely on technology, demonstrating the strength and flexibility of the entire team in a challenging scenario.

Mary shares that one of the main challenges she sees dealers having in today's environment is keeping inventory under control while dealing with continuous supply chain disruptions. In addition, she says dealers also need to adjust to shifting customer demands, such as the growing need for online purchasing and customized experiences.

In 2023, Mary competed in the Mavericks Entrepreneurship Program at the University of Texas-Arlington. **"This competition provided me with valuable mentors, coaching, and resources. At the end, I was able to secure \$8,000 in funding, which will help me start my own business,"** she says.

Daniel Wynn | Vicksburg Chrysler Jeep Dodge Ram, Michigan

Before interning at Vicksburg CDJR, where he is learning how to successfully run a business, Daniel Wynn held the position of used car lot manager at Garber Chevrolet. That experience, along with his classroom work, has led to him getting closer with automotive professors at his school, getting to meet different successful dealers, building connections and even attending automotive events. In the summer of 2023, one of the professors at Daniel's school offered him a spot to accompany the professor and other students to the Automotive Hall of Fame in Detroit.

Thinking about some of the biggest challenges dealers are facing today, Daniel highlights two specific areas: **1) Inflation** -- Essentially the cost of living has increased, and that's caused an increase in vehicle prices because parts and materials are more expensive than in the past. **2) Cybersecurity hacks** -- Because dealerships are constantly dealing with private customer information, they are potential hacking targets, as shown in the CDK disruption.





Jayla Strickland | Tyson Motors, Illinois

Having gotten a start in the auto industry by working at the Northwood University International Outdoor Auto Show, Jayla Strickland says she was ecstatic when she received the email that she'd been selected as a candidate in the Chrysler Minority Dealer Association Management Program. The experience has taught her a lot, including takeaways she'll apply to wherever the next chapter in her journey leads.

Jayla highlights the people she's worked with as some of the most memorable moments of the program. **"I can't imagine working for a better group of people, they have taught me so much,"** she says. "When I had questions or concerns, they were there to inform me. Throughout the process, I saw a lot and they were very open to hearing it from a different perspective. I am so grateful to have been a part of this process!"

Jayla says the biggest challenges dealers face are meeting the needs of a diverse target market and their customer service. "I say the target market because each generation is different and looking for different things," she says. "When it comes to customer service, a customer will remember how you treat them. Those surveys that customers fill out are very important to a customer and a dealership. They are important to a customer because they feel like they have a voice. They will appreciate that. On the dealership side, this gets exact feedback firsthand. From these surveys, you can adjust to your customer's needs."

Jayla has many talents - including being comfortable on both the court and in the saddle as she enjoys shooting hoops and riding horses.

Destini White | Northland Chrysler Dodge, Jeep, Ram, Michigan

After graduating in the top 10% of her school district in high school, Destini White found her way into the automotive industry by attending Northwood University and hearing peers share their experiences within the industry.

Her most memorable experience in the automotive industry so far, she says, was working in the finance department. Witnessing firsthand how they closed deals and managed the financial and customer service aspects of selling a car proved very insightful.

The key challenge dealers face today according to Destini is meeting the increasingly high expectations of customers. Ensuring excellent service, transparency and personalized experience are crucial to satisfying today's demanding customer base.



We wish all of our 2024 interns continued success!



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Smarter, more efficient AI-automated underwriting

Dealers and financial institutions can serve more consumers with proven, best-in-class Zest AI technology. Together, you can assess more borrowers, faster and mitigate risk. Confidently lend deeper down the credit spectrum to more underserved borrowers to fuel a thriving business.

With Zest AI, dealers and lenders can:

Make smarter credit decisions

Confidently assess applicants with deep, accurate lending insights using more data and better math. Lend confidently down the credit spectrum, mitigate risk, reduce charge-offs and repos, and provide auto financing to more consumers. With a clearer understanding of borrowers using a highly performant model, you can effectively support consumers and your business during any economic climate.

Swap risky for good borrowers
and lift approvals by

25%

without added risk



Reduce risk by up to

25%

and keep approvals constant*



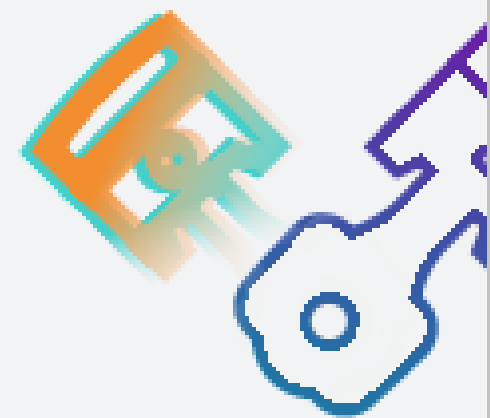
Gain efficiencies with powerful AI automation

Deliver more decisions faster, gain process automation, and be more competitive in the market. Instantly decision most applications with confidence and delight borrowers.

Lenders can automate

80%

**of their application
decisioning**



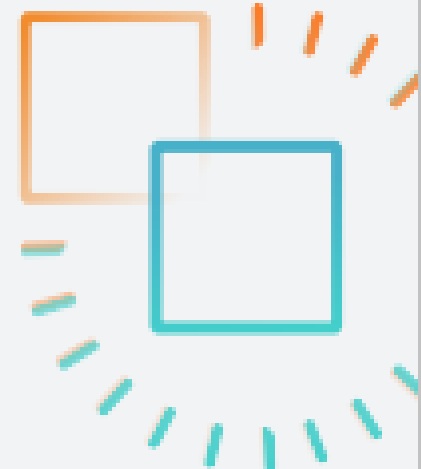
Deliver fair access to credit

Give all borrowers a fair shot, and help the traditionally underserved obtain financing. Expand access to more consumers with powerful machine learning models that are optimized for both accuracy and fairness, providing consistent, equitable lending.

Increase approvals by

40%

**on average across
protected classes**



Based on preliminary model results. *Risk mitigation based on 50% approval rate. Individual lender results may vary.

When it comes to your success,

WE PUT THE PEDAL TO THE METAL

- F&I and wealth transformation
- 360° people strategy
- End-to-end dealer solutions



Learn how we help you drive total performance.
easycare.com/cmda2024



NATIONAL AUTO CARE IS NOW EASYCARE

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DISCOVER HOW STRATEGIC MARKET DIFFERENTIATORS CAN UNLOCK NEW LEVELS OF PROFITABILITY ACROSS YOUR SALES, SERVICE, AND FINANCE SECTORS

BY Steven Whitlock

President Innovation Financial Services

JOIN US!

**CMDA SUMMER MEETING
SEPT 11-14, 2024!**

WE LOOK FORWARD TO MEETING YOU



In the fiercely competitive world of franchise automotive industries, staying ahead of the curve requires more than just offering quality vehicles and services. It demands innovative strategies that differentiate your dealership from the rest. By leveraging strategic market differentiators, you can unlock new levels of profitability across your sales, service, and finance sectors. Here is how you can transform your business and achieve unparalleled success.

The digital age has revolutionized the way consumers interact with businesses, and the automotive industry is no exception. By embracing digital transformation, you can streamline operations, enhance customer experiences, and drive profitability. Implementing advanced CRM systems, leveraging AI (Artificial Intelligence) for personalized marketing, and offering seamless online buying experiences are just a few ways to set your dealership apart.



**EMBRACE
DIGITAL
TRANSFORMATION**

**INVEST IN
TRAINING AND
DEVELOPMENT**



A well-trained team is your dealership's greatest asset. Invest in continuous training and development programs to ensure your sales, service, and finance teams are equipped with the latest industry knowledge and skills. By fostering a culture of excellence and professional growth, you not only improve employee satisfaction and retention but also enhance customer service, leading to increased sales and profitability.

ENHANCE CUSTOMER EXPERIENCE



Customer experience is a critical differentiator in the automotive industry. Create a customer-centric culture by implementing processes and technologies that make interactions smooth and enjoyable. Offer personalized services, flexible financing options, and post-purchase support to build long-term relationships. Satisfied customers are more likely to return for future purchases and recommend your dealership to others, driving growth and profitability.



IMPLEMENT A 'WHY BUY HERE' PROGRAM

A compelling "Why Buy Here" program can significantly enhance your dealership's appeal and drive sales. Offering unique incentives like a lifetime warranty for vehicle purchases or a repair guarantee for parts and service can set your dealership apart. A lifetime warranty reassures customers of their investment's long-term value, building trust and loyalty. Similarly, a repair guarantee for parts and service assures customers of quality and reliability, encouraging repeat business and referrals. These programs not only attract new customers but also foster long-term relationships, enhancing overall profitability.

OPTIMIZE INVENTORY MANAGEMENT



Effective inventory management is crucial for maximizing profitability. Utilize data analytics to understand market trends and customer preferences, allowing you to stock the right vehicles at the right time. By reducing overstock and ensuring a diverse range of vehicles, you can meet customer demands promptly and reduce holding costs, leading to improved profit margins.



LEVERAGE DATA-DRIVEN INSIGHTS

Data is a powerful tool for identifying market opportunities and optimizing operations. Implement robust data analytics platforms to gain insights into customer behavior, market trends, and business performance. Use these insights to make informed decisions, tailor marketing strategies, and improve operational efficiency. Data-driven decision-making can significantly enhance profitability across all sectors of your dealership.

STRENGTHEN YOUR BRAND IDENTITY

Diversifying your offerings with value-added services can boost revenue and customer loyalty. Consider introducing extended warranties, maintenance packages, and aftermarket accessories to enhance the ownership experience. By providing comprehensive solutions that address customers' needs beyond the initial sale, you can increase customer satisfaction and generate additional revenue streams.

FOSTER STRATEGIC PARTNERSHIPS & COMMUNITY INVOLVEMENT



A strong brand identity sets your dealership apart in a crowded market. Develop a compelling brand story that resonates with your target audience and consistently communicate your unique value propositions. Invest in branding and marketing efforts that highlight your differentiators, such as exceptional customer service, exclusive deals, or community involvement. A well-defined brand can attract loyal customers and drive long-term profitability. As mentioned above a "Why Buy Here" will better support your Brand Identity.



EXPAND VALUE-ADDED SERVICES



Building strategic partnerships with other businesses can open new avenues for growth and profitability. Collaborate with financial institutions to offer competitive financing options, partner with local businesses for cross-promotional activities, or join forces with technology providers to enhance your digital capabilities. Strategic alliances can expand your reach, attract new customers, and drive profitability. Become a member of your "Chamber of Commerce and attend business grand openings. Contact local schools to be part of a Mentor Program.

CONCLUSION

In the ever-evolving franchise automotive industry, strategic market differentiators are key to unlocking new levels of profitability. By embracing digital transformation, investing in training, enhancing customer experience, implementing a "Why Buy Here" program, optimizing inventory, leveraging data insights, strengthening your brand, expanding value-added services, and fostering strategic partnerships, you can position your dealership for sustained success. Start implementing these strategies today and watch your sales, service, and finance sectors thrive in a competitive marketplace.

MEET THE INDUSTRY'S **BEST!**



STEVEN WHITLOCK



SHELLY WHITLOCK



DELANO PALMER

2024 CMDA SUMMER MEETING
SEPTEMBER 11-13, 2024

JOIN US!

WE WILL DIVE INTO THE LATEST STRATEGIES FOR
MAXIMIZING PROFITABILITY
ACROSS SALES, SERVICE, AND FINANCE SECTORS.

OUR EXPERTS WILL SHARE INSIGHTS & CUTTING-EDGE TECHNIQUES
TO HELP YOU STAY AHEAD IN A COMPETITIVE MARKET.

WE LOOK FORWARD TO ENGAGING
WITH YOU ON THESE TRANSFORMATIVE TOPICS!



innovationfinancialservice.com

The Fixed Operations
Growth Plan >>>>>

6 Paths to Service Department Profitability



INTRO

A FIXED OPERATIONS GROWTH PLAN TO UNLOCK SERVICE DEPARTMENT PROFITABILITY

Strategic planning at auto dealerships tends to focus on variable operations, but for businesses chasing sustainable profitability, there's another area that needs attention. Automotive dealers are realizing that having a strong Fixed Operations department is the key to achieving increased market share with returning customers looking to purchase additional vehicles for their households.

Despite unpredictable market conditions, service, parts and body shop appointments have provided a steady 12.5% of sales for dealers. During the first six months of 2020, these Fixed Operations transactions accounted for \$3.74 million per new-vehicle dealership.¹ What's more, 74% of buyers who received service from the dealership where they bought their cars are likely to buy their next vehicle there.²

Opportunities to lock in this value may be going unnoticed, but you can take direct action with a hybrid, in-store or virtual Fixed Operations improvement program that combines performance improvement and talent recruitment with employee and customer retention.

Once you start looking for a consultative partner to identify new options and opportunities, they can create a path to unlock your business' full potential.

74%

of buyers who received service from the dealership where they bought their cars are likely to buy their next vehicle there.



UNDERSTANDING THE SIX PATHS TO FIXED OPERATIONS GROWTH



Opportunities for sustainable Fixed Operations growth and profitability start by making strides in each of the six paths:

- 1 Consistent implementation of effective processes
- 2 Effective management of customer traffic
- 3 Coaching and guidance of personnel
- 4 Talent management
- 5 Setting of goals and KPIs
- 6 Development of service leadership



Understanding the Six Paths to The Fixed Operations Growth Plan

Each dealership will have its own combination of these processes to focus on, with greater or lesser emphasis on each area as it relates to that business' unique needs. The benefits of proactively addressing these processes are broken down into three categories:

Increase in profitability

Fixed Operations departments should be able to meet and exceed industry-wide benchmarks such as hours per repair order, net profit to gross/sales and more. Rising to this level involves having a consultative partner to help set the specific goals and targets, developing performance improvement strategies and introducing accountabilities to reach them.

Personnel development

Staff who have been through a consultative engagement will emerge with heightened sales skills, top-quality customer service ability, confidence and a better approach to communication. This improved level of performance maximizes their contributions to the dealership as a whole.

Performance improvement

A fully revamped Fixed Operations department can deliver higher sales numbers and better customer retention by adopting transparent and customer-centric policies. With better accountability and documentation, it becomes much easier to keep levels of performance high.



Creating a plan based on these six paths and targeting those three outcomes will introduce an opportunity for impactful – and sustainable – Fixed Operations growth and financial improvement. In this eBook, we'll break down each path and reveal the potential value found there.



PATH 01

CONSISTENT PROCESSES THAT LEAD TO PROFIT

Profits coming from your Fixed Operations department can lift earnings, as these transactions have higher margins than new car sales. A team of top sellers is able to achieve a 100% absorption rate, meaning their fixed service department offerings cover the overhead for the dealership. All additional revenue from the sales side becomes pure profit.³

To reach this level of Fixed Operations success, your dealership must ensure personnel are applying a consistent and intentionally designed set of processes. This is one of the greatest areas of opportunity for most dealers.

One of the clearest divisions between variable and Fixed Operations has to do with how employees are taught. Traditionally, Fixed Operations departments have received less sales training than other teams, leading to inconsistency which could cost dealerships thousands of dollars in profit opportunities.

Every member of the department at all levels should be following a standardized approach to

sales that reflects customers' preferences and needs. This means your personnel should be aware of your dealership's online and in-store offerings, as well as pricing and timelines.

Fixed Operations products are sold to customers just as variable operations are, and by taking a rigorous approach to the sales process, your dealership can begin counting on this department for higher profit margins, strengthening your bottom line.

“Every member of the department at all levels should be following a standardized approach to sales that reflects customers' preferences and needs.”



PATH 01

BREAKING OUT OF CYCLES TO CREATE CONSISTENCY

Fixed Operations are more important to your dealership than ever before – in decades past, when new car sales were at high-volume peaks, it was commonplace for dealers to overlook Fixed Operations, making up lost profits with booming vehicle sales.

The industry landscape has shifted, and owners are starting to realize Fixed Operations is the key to a profitable and sustainable business model. Long-term disruptions to the industry, including significantly longer new-car purchase cycles and the introduction of electric and hybrid vehicles, are joined by more sudden impacts such as the economic chill that has accompanied the global pandemic.

Owners realize the need to revamp their Fixed Operations processes: 53% of dealers are working on improving these departments to boost revenue, making it their most-cited priority.⁴ Adding urgency to these efforts, online giants such as Amazon as well as mobile repair companies are competing with dealerships for customers' service needs.⁵ These companies are defined by their efficiency and convenience, which means dealers must be similarly dedicated to their customers.

53%

of dealers are working on improving these departments to boost revenue, making it their most-cited priority.

Efforts to this end start with employee performance:

Every customer should receive the same experience, with clear communication that extends from the meet and greet, to the inspection process, the issuing of time estimates and thorough service delivery.

All employees in your service department must be consistently coached on the offerings so the dealership's improved approach is applied in all cases and internal communication breakdowns don't create delays or customer dissatisfaction.

Standardizing these processes is especially important in the face of increasing employee turnover – ensure that when anyone leaves your dealership, practices will remain consistent and effective.



PATH 02

MANAGING CUSTOMER TRAFFIC AND PROVIDING SUPPORT

Customers spend a great deal of time at your dealership maintaining their vehicles. Improve the convenience and experience of these interactions and you can keep their Fixed Operations revenue stream alive over repeat visits.

Customers are visiting your dealership more often than in the past because of the advanced technology in their cars. In fact, 62% of consumers with high-tech vehicles prefer to have their cars serviced by the original seller.⁶

Of course, it's important to realize these customers have a choice in where they go for service, meaning your operations have to be efficient, friendly and transparent. The same study found 30% of customers are frustrated when service takes longer than expected. It helps to offer a seamless customer experience with convenient online scheduling and highly transparent information around dealership policies and pricing.

Dealership owners should be looking for additional ways to improve the customer's level of service. Sometimes, this means implementing a better scheduling process to help both staff and customers. In other cases, it will mean strengthening the repair active delivery to reduce after-the-fact questions about the quality of the job and resulting lack of trust.

Each step in the interaction between staff and clients affects this process, and as such they are all subject to review and improvement during consultation.

62%

of consumers with high-tech vehicles prefer to have their cars serviced by the original seller.



PATH 02

RETHINKING THE CUSTOMER SERVICE MINDSET

Embracing new customer service values, such as mindfulness and empathy, helps satisfaction and retention.

Treating people with care is essential for securing repeat business. Customers now expect service offerings to be:

Valuable, saving people time and not putting them under pressure. Having "early bird" or "night owl" hours can help immensely.

Transparent, with pricing, timelines and availability of service clearly outlined.

Trustworthy and honest, meaning dealerships do what they say and never use "bait and switch" tactics.

Frictionless, featuring streamlined ordering processes on a level with online sellers like Amazon.

Highly personalized to fit into each customer's preferences.

Reviewing the present state of service performance may reveal issues with scheduling and service. Consistency matters, as does keeping promises to your customers. You can introduce new perks and incentives, such as a smooth process designed specifically for people who pre-book their appointments, to become more service-centric.⁷ You must then ensure you're ready to back up these policies and follow through.

A mindful approach to customer service can take a few forms, including:

Remembering that cars are necessary for people to go about their day-to-day tasks, meaning maintenance and service have to be treated with appropriate care.

Understanding that the customer is experiencing a life event when their vehicle needs service, not dismissing the situation or becoming unempathetic to the customer's needs.

Delivering timely, "now" service to mirror customers' convenient experiences with other kinds of businesses and product types.

Performing frequent assessments to ensure all policies are being followed and employees at every level of the department are aware of their role in the process.

Creating a modern Fixed Operations experience can pay off with continued business, both fixed and variable.



PATH 03

OPTIMIZING EMPLOYEE EDUCATION WITH HANDS-ON GUIDANCE

A hands-on and extended consultative approach to reforming your Fixed Operations employee development can set your team up for repeated and sustainable success, giving employees the tools and techniques they need to succeed. Existing structures in Fixed Operations departments often lag behind those seen in variable operations, creating a clear path for improvement.



Dealerships wondering how to close revenue gaps often have opportunities to achieve their goals without drastically increasing customer traffic, or hiring more technicians or advisor staff. They simply need to boost the productivity and value of each employee.

Maximizing employee effectiveness involves breaking down profit across the sections that make up Fixed Operations: competitive, maintenance and repair labor.

Fixed Operations development is often handled via online classes, instructional CDs or one-time seminars, which aren't ideal for all employees.

Developmental programs customized at the level of individual needs are better suited to boosting employee contributions and productivity.



PATH 03

MAKING SUSTAINABILITY OF KNOWLEDGE A PERSONNEL OBJECTIVE

Expert consultants don't share knowledge with your dealership's present staff and then leave. Instead, they create a lasting and sustainable infrastructure for process improvement over time. This commitment to leaving behind a stable framework can be the difference between a brief increase in performance and lasting change.

Your dealership's success in this regard will rely on giving the personnel responsible for internal employee education the skills and tools they need to bring everyone on board with the new approach. During an engagement, consultants work specifically with these learning and development leaders to ensure they'll be positive forces for change and the implementation of the new practices for years to come.

The ability to capture and sustain long-term ROI depends on the presence of repeatable employee education programs. This ensures everyone in the department knows how to create a consistent and positive impression on customers while performing high-quality work.

As your dealership grows and expands, you'll inevitably add new Fixed Operations personnel. These new hires should be onboarded with the same practices put in place during the expert consultants' engagement.

As new personnel join, gross profit targets and productivity measurements will need to change to ensure ROI for each hire.

The programs generated will suit your dealership's objectives and situation, making them more valuable than generic employee education materials commonly used in Fixed Operations departments.



PATH 04

GIVING EMPLOYEES A SATISFYING EXPERIENCE TO REDUCE TURNOVER

Turnover is a major issue among today's auto dealerships, with skilled employees frequently leaving in search of greater opportunities. In fact, one study found that almost half of service advisers leave an employer annually.⁸

An NADA study also revealed that over 50% of service employees are disengaged from their work. This is no coincidence: High levels of ambivalence toward Fixed Operations work are harmful to business continuity and the retention of skilled employees, ones who could be improving productivity and profits in the service department.

Workplaces that struggle to offer a flexible culture and opportunities to progress, or ones that don't have adequate tools and technology to make their employees' day-to-day lives easier, are all too common. On the other hand, if you improve your employees work environment, you are more likely to be

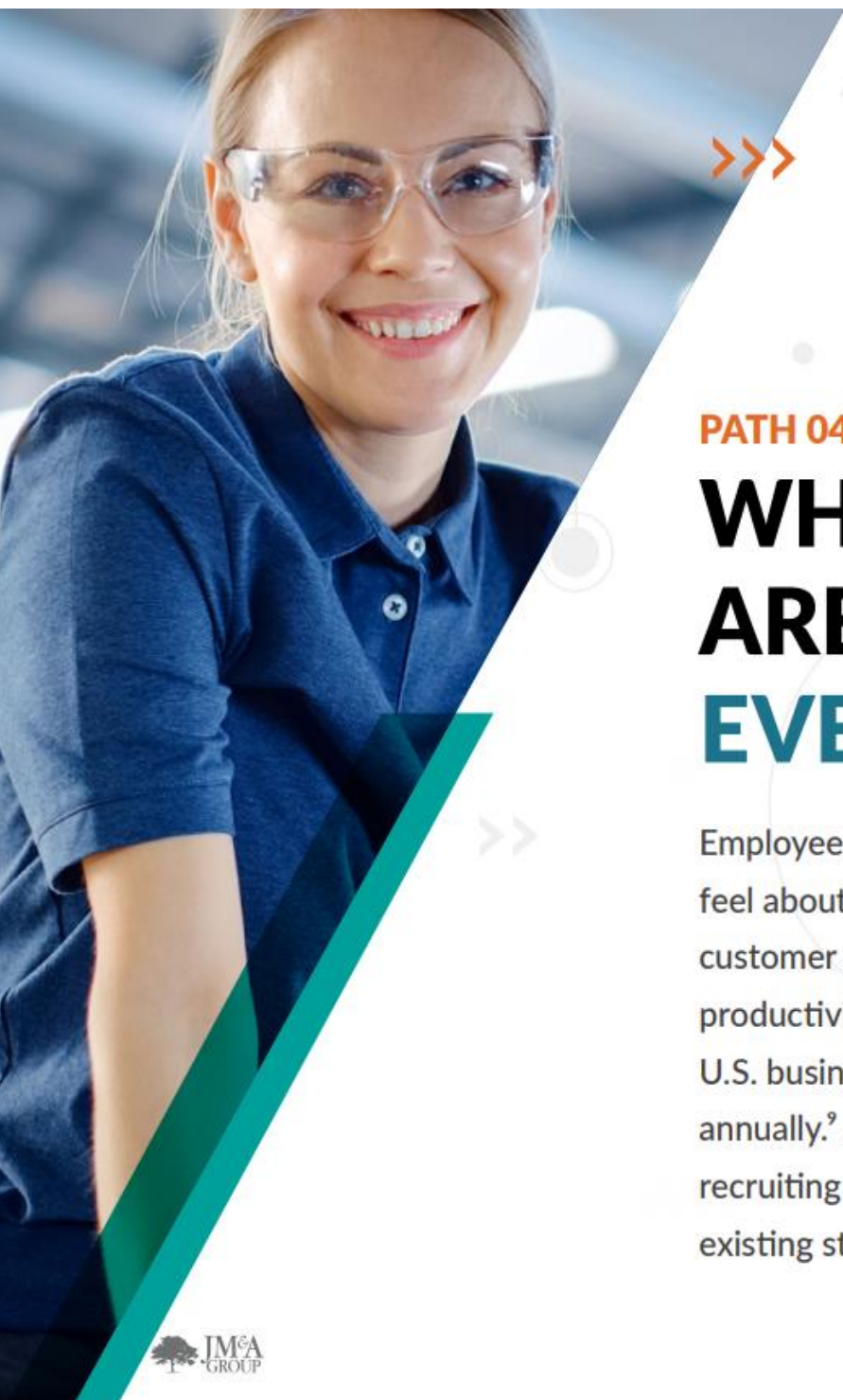
rewarded with long-term retention of your top performers. There are a few principles that should guide your efforts:

Leaders in your Fixed Operations department should ensure their workers know they are valuable assets to the company, and allow them to build careers rather than simply jobs.

Managers must strive to offer the best culture among auto dealerships in your area — since many businesses fail to please their employees, the ones that succeed have a recruitment and retention advantage.

Ensuring clarity around scheduling and personal objectives assist in employees enjoying their work environment. Also, implementing new benefits, incentives, pay plans and customized individual development plans can show employees you are committed to them.

50% of service employees are disengaged from their work.



PATH 04

WHEN EMPLOYEES ARE HAPPY, EVERYONE BENEFITS

Employees are the lifeblood of a company, and the way they feel about their roles can impact internal teamwork and customer service alike, not to mention the bottom line. Lost productivity from poor employee engagement across all U.S. businesses falls between \$960 billion and \$1.2 trillion annually.⁹ A positive workplace culture is a compelling recruiting tool and has a positive impact on retention of existing staff.

frameworks for continued improvement, can lock in continuity and quality for years to come.

Even in tough economic conditions, modern employees care about working for companies that make them feel noticed and give them a stake in the success of the business.

Happy employees stay with employers longer, delivering consistent high-quality service and creating a sense of stability.

A positive workplace culture is a compelling recruiting tool and has a positive impact on retention of existing staff.

That concerning figure shows that across sectors, employees don't feel a connection to their employers' missions, and aren't receiving clear, useful feedback from leaders. Performance management in the traditional sense has failed these employees, and making positive, department-wide changes can have repercussions that reach the whole company.

Taking a customized, individual approach to help workers excel in their positions, as well as setting up sustainable



PATH 05

ESTABLISHING CLEAR GOALS AND KPIS

Clear goal-setting is a valuable practice with effects that can ripple out from any department. In automotive sales, plainly stated objectives and key performance indicators (KPIs) are usually associated with Variable Operations – expanding their use to Fixed Operations can have a major impact on performance and morale alike. Supervisors, technicians, sales personnel and more can benefit from this new visibility.

When analyzing your dealership, you may find your technicians aren't delivering benchmark gross profit per employee, there's often room for improvement and value generation. A technician failing to reach industry-standard benchmarks is creating a loss on the balance sheet, one that can be corrected through the right combination of guidance and KPIs.

A useful metric for your dealership to target is labor hours spent on various types of repair orders, allowing for granular oversight of how much revenue is generated.

You will also find it helpful to determine your rate of facility utilization – labor efficiency per service department stall.

Once KPIs exist to connect profitability to time spent on tasks, department heads can set and monitor individual objectives for each technician.

Managers who keep a close eye on goals and objectives, down to a daily level, are better equipped to get hours of productivity

from technicians and reclaim value that would otherwise be lost.

There is a human resources cost to a lack of clear benchmarking, as well. At dealerships that don't use KPIs or aren't transparent about objectives, staff may be surprised or disappointed by their commissions.



PATH 05

CHOOSING THE RIGHT KPIS FOR A DEALERSHIP

One of the most important parts of a strategic consulting engagement targeting your Fixed Operations department involves creating a customized approach for your dealership.

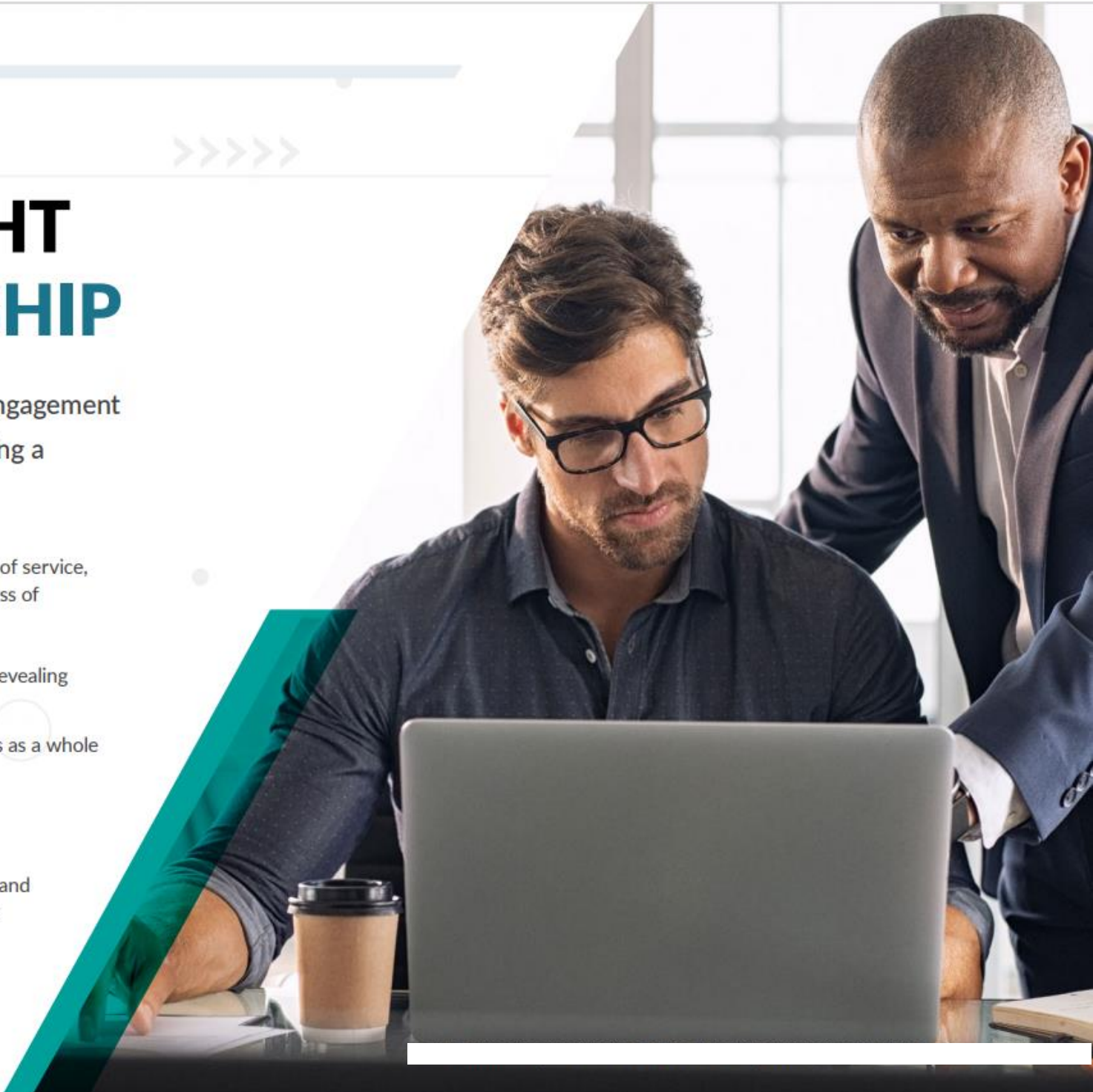
Since each dealership is beginning from a different point regarding current levels of service, efficiency, profitability per employee and more, every one faces a different process of targeted improvement.

Benchmarking different areas against industry standards is an important part of revealing opportunities to reclaim revenue that is currently being lost.

Calculating the differences between expenses and profits across Fixed Operations as a whole is an essential step in creating a process improvement road map.

Knowing the exact amount of new sales that will achieve profit targets will keep departments on track as they improve their processes.

Expert consultants can work with management personnel on the creation of KPI and objective strategies, ensuring there is buy-in from within your dealership and the new approach is understood and accepted.



PATH 06

DEVELOPING MANAGERS AND LEADERS IN THE SERVICE DEPARTMENT

Even expert consultants who take a long-term view of dealership success, and deliver a well-designed process improvement strategy, will eventually hand matters off to your business' own departmental leaders and managers. These personnel are the ones who will make positive change sustainable over time.



Changing your dealership's approach to Fixed Operations is an organizational transformation, and leaders at all levels have important roles to play in making the new practices apply – and stick.

Leaders should be empathetic and able to motivate people, counteracting turnover by creating a constructive environment within your Fixed Operations department.

When managers are strong communicators, they can ease the adoption of new practices such as the use of

KPIs or an improved approach to customer care. Leadership personnel are tasked with one of the most important parts of organizational transformation: Ensuring new practices become lasting company values, not temporary blips.

Departmental supervisors are considered essential stakeholders in an organizational change. They are the ones who encourage readiness for and acceptance of the new practices by the people they manage each day.¹⁰

PATH 06

CHANGING FIXED OPERATIONS WITH CONSISTENT, HIGH-QUALITY MANAGEMENT

Your organization's culture is a composite of all of its teams, and the leaders set the tone for all those departments. Special work between expert consultants and departmental leaders can improve their soft skills and engagement with new practices to make the transformation stick.



An employee's everyday work experience is shaped by their interactions with their immediate supervisor – these leaders must therefore embody your new company culture. To prevent dissension, confusion or cynicism about a new organizational culture or direction, managers must share the same view of your company as the rank-and-file employees they serve alongside, as well as the executives.¹¹

Supervisors' encouragement is especially important when seeking to keep employees engaged in learning and development – 37% of millennial employees across industries say they would spend more time improving their skills if that effort was recognized by managers.¹²

When managers feel they have a stake in organizational transformation, they can become valuable agents of change within your Fixed Operations department. Service employees who serve under these leaders can one day follow in their footsteps and carry on best practices if your company offers clear opportunities for advancement.



37%

of millennial employees across industries say they would spend more time improving their skills if that effort was recognized by managers.¹²

MAXIMIZE YOUR DEALERSHIP'S PROFITABILITY BY

WORKING WITH AN EXPERT CONSULTING TEAM TO PUT THE SIX PATHS TOGETHER

As with an intricate vehicle repair, improving Fixed Operations performance is a matter of getting all the parts to work together harmoniously. Your dealership should team up with an industry partner that can show what a better approach looks like rather than merely telling, delivering consulting experiences to set your organization up for sustainable success and ongoing revenue opportunities.



Experts from JM&A Group have delivered Fixed Operations improvements to numerous dealerships across regions, showing these businesses the gaps in their current performance levels and resource utilization rates, as well as guiding them to the available revenue opportunities.

Learning opportunities are available in all-virtual, hybrid and fully in-store models, depending on your dealership's needs:

The virtual model is conducted 100% online and supports weekly coaching,

process adaptation, management accountability sessions and monthly performance reviews.

A hybrid approach is a 50-50 mix of in-store and online sessions, with side-by-side coaching available in real time, along with goal and objective setting.

The full in-store version is for more extensive hands-on practices, and allows for such programs as departmental reinforcement, management development, economic management, sales and customer handling development.



Find out how we can assist your dealership, transforming the profitable, potentially overlooked Fixed Operations department into a customer-centric service department staffed by satisfied employees.

Contact us today by visiting info.jmagroup.com/consulting



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