

Business Development



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Did you know that *behavior* and *processes* are the biggest drivers of profitability and success? It's a proven fact. Think about it: sales volume, serviced vehicles, financial services sold—they are a must for revenue. But if your employees and managers cannot execute, do not handle transactions properly, or don't act in your company's best interest, it is all for naught! Profits could be lost, never realized, or not recoverable.

Employee errors can range from offering the wrong incentive on a vehicle model, failure to obtain customer coupons or certificates at point-of-sale, abusing incentive programs, reporting wrong delivery date or type, accounting errors, premature write-offs...the list goes on and on. They are often made without management's knowledge and are not caught before the sales transaction is finalized or until months later, if then. So how can these things happen? No controls and no oversight. In other words, no one is watching the business; it's that simple.

There are so many manufacturer programs offered, so many rules, and so many required documents, things can often fall through the cracks. And with today's economic conditions coupled with a loosely run dealership, fraudulent tactics or theft can easily creep in. Without processes and internal controls in place, such problems can grow and *cost you money!* Your employees get paid but you, the dealer, cannot get paid *any* of those dollars from the manufacturer. When properly placed and utilized, internal controls and processes will eliminate that risk, and create the following beneficial results:

- ✓ Controlled behavior
- ✓ Consistency
- ✓ Realized profits
- ✓ Accountability/ownership
- ✓ Reduced errors and risks
- ✓ Protection of profits

Internal controls and processes should be a component of any business operation as they are critical for success and profit-

The Value Of Internal Controls And Processes

ability. Here are a few suggestions for solid management in your dealership:

- Have sales management review and approve all deals before they are finalized, including F&I products sold.
- Use a checklist in the sales department for each deal jacket.
- Ensure deal jackets are not filed until all monies due are collected and all incentives are paid.
- Have an approval process for any write-offs and shorts; dealers should have the final signoff.
- Have clear separation of duties among business office and sales staff personnel (e.g. DMS access, reporting, and applications—cash and receipts, accounting, and banking).
- Implement accountability and consequences for errors, fictitious tactics, and chargebacks.
- Do a monthly review of all financial statements, factory receivable schedules, and journal vouchers. Ensure schedules are fully reconciled, balances are not over 30-days old and those that are, are aged and summarized with a resolution plan.
- Establish a process to conduct frequent, in-depth volume audits of deal jackets by an experienced, unbiased employee or an outside individual, to ensure compliance; verify the accuracy of DMS delivery reporting data, incentives supporting documents, and signatures. Results should be reviewed with the dealer and senior management.
- Set up regular meetings or training for employees to inform them of dealership policies, business changes, industry requirements, and incentive announcements.

With today's economic downturn, every transaction matters and every dollar counts! Review your business practices and implement the needed controls so that you

can realize your hard-earned profits. The benefits will be favorable and priceless!

Sherralyn Peterson is an automotive incentive specialist with 30 years of automotive experience. She helps dealerships maximize profits, minimize risks, and enhance cash flow. For more information, call 312-310-8380, email speterson@sherralynpeterson.com, or visit www.sherralynpeterson.com.



From its beginnings as an in-house agency for one tiny dealership in Tupelo, MS in 1992, Instant-Events.com has grown to serve thousands of car dealers in every English speaking nation on the planet. That growth was spurred by one insight.

"We realized we couldn't be all things to all people," says cofounder Terry Lancaster, "so we decided to stick to what we know."

And what they know is how to produce attention-grabbing, market-dominating, traffic-generating ads for dealerships with no long term contracts, no media commissions, and no percentage out of your gross.

They offer newspaper ads, radio and TV spots, inserts, and direct mail plus lot decorations/point of purchase material to tie it all together. They don't place the media or staff the events. They just give you the tools you need and the chance to save tens of thousands of dollars a month in fees and commissions.

They make handling your advertising and sales events as simple as ordering a pizza. Call them today and in most cases your ad will be ready tomorrow. But there's a catch:

Instant-Events doesn't produce nice, polite ads that talk about puppy dogs and flowers or how your grandfather started the dealership 100 years ago. Their ads are designed to attract motivated consumers, get them off the couch and into your store, today.

"Typically our clients are the most aggressive dealers in town," says cofounder Jeff Lee. "They don't mind pushing the boundaries and they like to stand out from the crowd."

Find them online at www.instant-events.com or give them a call at 800-352-3305.