



EXPRESS SALES PROCESS DEALERSHIP PROPOSAL

Project Goal: To identify opportunities that allow dealerships to create a more time efficient sales process that will result in enhanced customer *satisfaction* and sales consultant *productivity*.

Background: An elongated sales process significantly diminishes both Customer Satisfaction and Sales Consultant productivity. The “time it takes to buy a vehicle” is the lowest score in virtually all manufacturers CSI surveys; it is clearly a “sore point” for most customers. It is hard for vehicle purchasers to understand why it should take as long as four-to-five hours for them to spend over \$20,000! In the mind of most consumers, dealerships – like most other retail establishments - should be doing everything possible to ensure their sales process is not only pleasurable, but highly time-efficient.

Interestingly, an elongated sales process creates no real penalties for variable department management. Sales Managers and F/I Managers in most stores are working as quickly as they can to process deals. If customers get stalled numerous times during a sales process, although not a desirable situation, there is no real negative impact on management’s performance. The penalty of an inefficient sales process is born by both customers and Sales Consultants. So, although an elongated sales process is intellectually understood to be a negative for all dealership stakeholders, its impact is only felt by customers and Sales Consultants. Therefore, finding methods to remedy the sales cycle time challenge are both underappreciated and not often understood.

By decreasing the time it takes to sell a vehicle due to the implementation of an Express Sales Process (ESP), dealership’s get a “double dip” of improvements in two highly significant areas: Customer advocacy and Sales Consultant productivity.

Sales Consultant Productivity and CSI Research Findings

The Rikess Group’s (TRG) research has uncovered the following opportunities for dealership improvements:

Peak Business Hours: Process breakdowns and internal constraints most often occur during “peak business hours.” These “peak business hours” are typically weekends, some evenings and at the end of the month. Time studies have indicated that the typical dealership will sell approximately **70% of its vehicles during 30%** of the time the store is open (“peak business hours”). Most stores don’t have specific strategies to create a more efficient sales process during peak business hours.



Sales Consultant Productivity: TRG research indicates that unfortunately it takes between 3 1/2 to five hours to sell a vehicle in most dealerships during peak business hours. Time studies have indicated that a customer's actual "engaged time" in the sales process is two hours or less. This "engaged time" includes all the activities that cause a customer to interact and communicate with a sales consultant, manager, and F&I.

Because the Sales Consultant and customer are only *engaged in working the deal* for two hours or less, there is typically around two hours of wasted time in most deals. These two hours of wasted time inhibits sales consultant productivity. For example, if a deal takes four hours to transact, a Sales Consultant can only sell two vehicles a day. If it took only two hours to sell a vehicle, Sales Consultants have the capacity to sell up to 4 vehicles a day. By taking out wasted time dealership's can improve sales consultant productivity while also *improving customer satisfaction*.

Sales Consultant Retention: It is important to note that an increase in Sales Consultant productivity as noted above will also typically have an impact on Sales Consultant retention. By boosting productivity per Sales Consultant, dealership's increase the likelihood that they can operate with less Sales Consultant's selling more vehicles.

Time Left Alone: One of the most significant "drags on customer satisfaction" is the amount of times a sales consultant will in essence "abandon" a customer during the sales process. We use the word "abandon" as customers have indicated that they feel this way during focus group studies. During a typical sales transaction, a customer is left alone an alarming average of **11 times** during the sales process. The amount of time spent away from a customer grows exponentially during peak business periods as bottlenecks in areas like the sales desk, F & I and vehicle get ready are severely capacity constrained in their ability to process vehicle sales.

Customer Advocacy: When the sales cycle takes two hours or less, 97% of customers will typically utilized the selling stores service department and refer *at least one* potential prospect to the dealership. When the sales cycle takes over three and a half hours the advocacy rate drops to 34%; when it takes over four hours true advocacy along with referrals rarely exist.

Assessment Methodology: TRG will spend one day conducting a dealership assessment. A TRG representative will conduct interviews with the following dealership stakeholders:

- Dealer/GM/EM
- GSM
- Sales/Desk management
- F & I personnel
- Sales Consultants
- PDI personnel



The assessment is designed to uncover “bottlenecks” that create an inefficient use of time during the sales process. The assessment will:

- Determine the current time it takes to sell and deliver vehicles
- Identify the dealerships’ most significant “bottlenecks” that *consistently* slow down the sales process
- Solicit suggestions from affected employees for minimizing or eliminating the identified bottlenecks
- Survey management attitudes toward potential new solutions in addressing the bottlenecks
- Identify specific process improvement opportunities, especially in the following areas:
 - Reducing the wait time for F and I
 - Reducing the wait time at the sales desk
 - Reducing the wait time during the delivery process
 - Improving employee staff scheduling
 - Developing a “weekend/Saturday strategy” to unclog your store’s bottlenecks

Deliverables: The deliverables of this report will focus on how efficiently time is being utilized during the peak business hours. The deliverables include:

- An assessment that establishes the amount of time it typically takes to complete a vehicle transaction during peak business hours (baseline information)
- A rank ordering of the dealerships most significant “bottlenecks” that consistently slow down or create an inefficient sales process
- Suggested solutions from TRG’S best practices for eliminating “bottlenecks” during peak business hours
- How many times the customer is left alone during the sales process
- A “peak business” hours strategy
- A findings review of the report with management conducted via telephone

Budget: The budget for the on-site work, report generation and the conducting of a findings presentation via telephone is \$3,200 plus any travel related expenses. If your store sells in excess of 150 new and used vehicles per month, TRG will spend an extra day at your store conducting observations \$5,800/plus travel. It is recommended that for TRG return to the dealership to present the assessment findings (two stores can be presented per day) - \$3,200.00 plus travel.