



Dealership-Proven Plans for Net Profit Improvement

**CREATE YOUR PLANS FOR A  
RECORD-BREAKING 2021**

Brooke Samples  
President  
Profit Blueprints  
October 22, 2020

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Your Presenter,  
Brooke Samples  
President  
Profit Blueprints, LLC  
profitblueprints@gmail.com  
Call or text me at 321-698-9131

Hi, I'm Brooke Samples, and throughout my career, I have analyzed over 20,000 Dealership financial statements. Since I transitioned from an automotive controller to a consultant, I've coached and motivated hundreds of Dealership Managers in all departments across North America. I use my Profit Blueprints monthly trend analysis to compare Dealers' financial statements to key Benchmarks. Then I apply my previous dealership experience, plus feedback from 22 years of Coaching & Consulting to help Managers reach higher Net Profits for their Departments using best practices.

By implementing customized action plans, my clients reach their full Net Profit potential. I've proven that with good people, consistent training, the right plans, and a little good-natured "nudging", my clients can become *very successful*.

In 2012 & 2013, I worked with VW University, training VW field staff to understand how a dealership's financial statement identifies its profit opportunities. Before becoming a Consultant, I worked in Dealerships in a variety of upper management positions. She expanded her automotive knowledge while working for Lloyd Schiller's Dealer Service Corporation and later as part of NCM Associates.

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**WITH 2020 AS YOUR BASE,  
CAN YOU FORECAST FOR 2021?**

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## Weather Forecasting?

90% accurate					80% accurate		50% accurate		
Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
							?	?	?
76°	74°	70°	70°	71°	76°	75°			

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***What has 2020 Taught Us About...Us?***

- **We ARE Resilient**
- **We ARE Resourceful**
- **We CAN adapt quickly**
- **We Can't forecast the future**

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**OLD WAYS WON'T OPEN NEW DOORS**

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**Jason, Service Director - Toyota**

**2020 averages over 2019 averages**

**Labor Sales Per CP Repair Order ↑ 20.2%**

**Customer Pay Gross Profit ↑ 15.7%**

- Re-trained his Service Advisors with the Help of a Consultant
- *S-l-o-w-e-d* the Service Advisors *D-o-w-n*
- Increased the Number of Appointments
- Added Extra Service Advisors *AND* Techs
- Sets and Post Goals on 4 Large Screens for All to See
- 3 Active Mentors to "Grow" Technicians
- Just Started MPI Videos – To Show & Tell with the Customer

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**2021 GOALS  
FOR EVERY DEALERSHIP**

- **INCREASE** CUSTOMER RETENTION
- **IMPROVE** EMPLOYEE RETENTION\*
- **MAKE YOUR PROCESSES EASIER** 

\* Formulas included at the end of the handout

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**VISIONARY  
LEADER**



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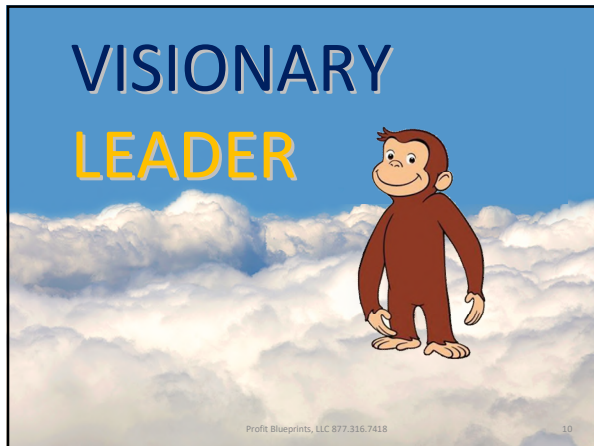
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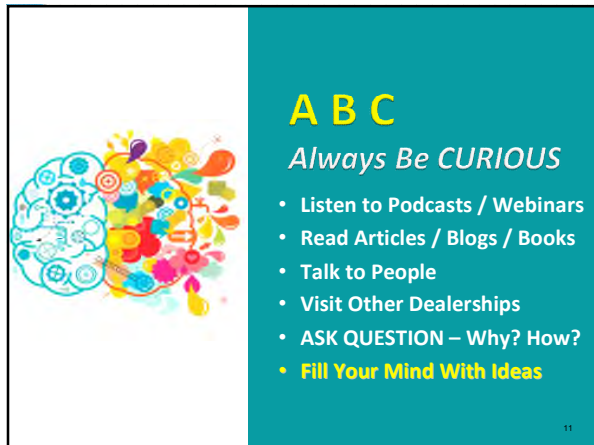
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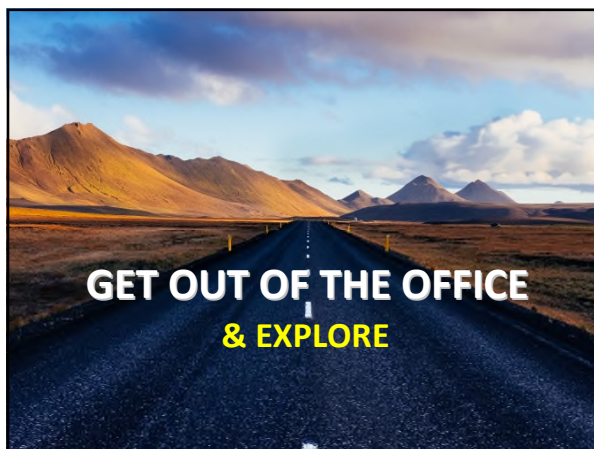
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**“Visit” Other Types of Businesses**

Your Customers Aren’t Just Comparing You to Other Dealerships,

They Are Comparing You to Other Shopping Experiences

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**Ideas!**

Observe Other Businesses –  
**NOTICE & LEARN**



- *How Carvana SELLS Vehicles*
- *How Amazon.com encourages impulse purchases online, but ALSO how they are ADDING brick-and-mortar stores*
- *How frustrating it is to get information over the phone from: ATT, Best Buy, Costco, etc.*

**Borrow, Reuse, Reapply Ideas**

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**TOUCHLESS SOLUTIONS**

*Southern Fast Food Restaurant*

**Motion Sensor Lights – Saves Electricity & No Touching**



**No Electric Doors  
...Just Use Your Foot To Open**

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**INCREASE SOCIAL DISTANCING**



**RESTROOMS**

Stickers on the Floor



**Most Frequently Asked Question...**

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**JOIN OUR TEAM!**

Flexible Schedules  
Paid Weekly  
Growth Opportunities

**Picked 3 Benefits To Attract Potential Employees**



**Fabric Store which Previously Discouraged Pets**

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**Ideas!**



- Have “Outsiders” Experience Your Dealership (Free Consultants)

**Similar to Your Average Customer – What Do They See-Hear-Feel That You Don’t?**

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***"But They Won't Understand..."***

- Don't make excuses because others see things differently than you do

***When YOU make excuses...  
...YOUR EMPLOYEES  
will make excuses***




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**1. INCREASE CUSTOMER RETENTION**

**What's Increasing and How Do We Measure?**

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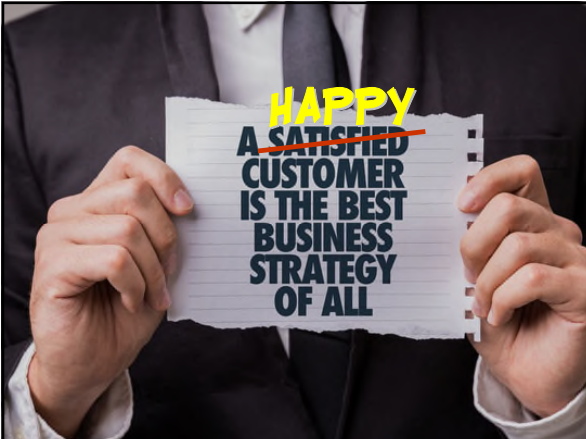
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## 3 WAYS TO IMPROVE YOUR SERVICE CUSTOMER RETENTION

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**Dealerships only retain about 30%  
of the Service & Parts Market  
BEYOND the basic warranty!**

**J.D. Power's 2020 Customer Service Index  
Study**

**1) Proved a well-stocked Parts Department  
makes a HUGE Difference in any dealership's  
profitability (AND Customer Retention)**

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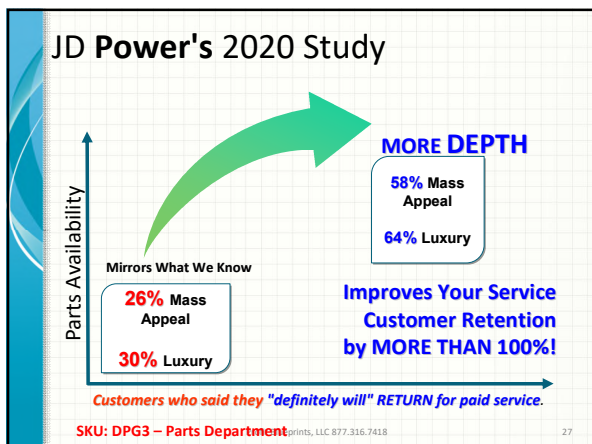
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### JD Power's 2020 Study



**Mirrors What We Know**

**26% Mass Appeal**  
**30% Luxury**

**MORE DEPTH**

**58% Mass Appeal**  
**64% Luxury**

**Improves Your Service  
Customer Retention  
by MORE THAN 100!**

*Customers who said they "definitely will" RETURN for paid service.*

SKU: DPG3 - Parts Department

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**2) SELL TIRES (Don't Just Stock Them)**

- 15% of Vehicles on Your Service Drive **NEED Tires TODAY\***
- 78% of Tire Buyers Have Their Maintenance Done **WHERE THEY BUY THEIR TIRES**



\* NADA

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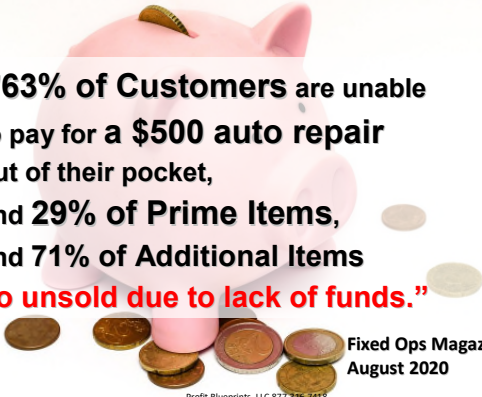
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**"63% of Customers are unable to pay for a \$500 auto repair out of their pocket, and 29% of Prime Items, and 71% of Additional Items go unsold due to lack of funds."**



Fixed Ops Magazine, August 2020

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**What Can We Do To Help OUR Customers With Their Financial Needs?**

**3) Offer Payment Plans - Partner with:**

- Synchrony Car Care Credit
- Sunbit
- Dignifi

Include application links in emails or text messages



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***What Else Can We Do?***

**Can OUR Finance Department  
do a Better Job  
at Selling:  
a) Service  
Contracts, and  
b) GAP Insurance?**




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- **Customer Loyalty Programs**
- **Continue to Provide Value; *How?***
- **Incentives to Returning Customers**
- **Incentives for Customer Referrals**
- **Brand Visibility = Brand Loyalty**



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**Reward Employees Engaged  
in Customer Loyalty**

**\$200 for Repeat Car Buyers**  
**\$150 for Referrals From The Salesperson's  
Customers**  
**\$100 for Referrals from the Service Depart.  
(To Service Advisors or Salesperson)**

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**2. IMPROVE EMPLOYEE RETENTION**

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**What Employee Turnover Costs**

- **Average Dealership Employee Earnings\*:**  
\$61,000 annually
- **Average # of Employees\*: 64**
- **Turnover Rate\*\*:** 40% (67% for Salespeople!)
- **\*\*40% x 64 Employees means...**
- **...Average Dealership Replaces 25 Employees**

\*NADA: 2020 Midyear Report      \*\*Cox Automotive Study

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**What Employee Turnover Costs**

- **Average Dealership Employee Earnings\*:**  
\$61,000 annually
- **Average # of Employees\*: 64**
- **Conservative Cost of Employee Turnover:**  
= 30% of Average Earnings  
(\$61,000 x 25 Employees x 30% Annual Earnings)  
**= \$457,500**  
(64 employee store)

\*NADA: 2020 Midyear Report      \*\*Cox Automotive Study

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### Costs of Turnover

- Recruiting
- Training (\$ and Time PLUS Mistakes!)
- Customer Retention
- Breakdown of Team Morale
- Worst: Litigation

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### Gallop Study

- 52% of Exiting Employees said their managers *could have prevented their departure*
- 51% of Exiting Employees said that in the 3 months before they left, neither their manager nor any other leader SPOKE with them about their job satisfaction or future with the organization
- In 3 months, nobody asked them how they felt about their job. Nobody talked about their future. *...they decided they DIDN'T HAVE a FUTURE there*

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### IMPROVE EMPLOYEE RETENTION

- Create a Culture Employees Are Proud Of
- Employee Referral Program
- Hire For Attitude – TRAIN For Skill
- Expectation Agreements
- If You've Done A Good Job Of Hiring...



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**3. SIMPLIFY YOUR PROCESSES**

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**Customer Interactions**



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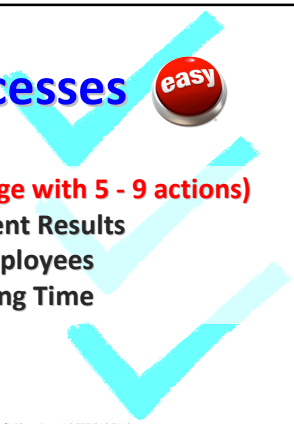
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**Your Processes**



**Checklists (1 page with 5 - 9 actions)**

- Insure Consistent Results
- Cross-Train Employees
- Reduces Training Time

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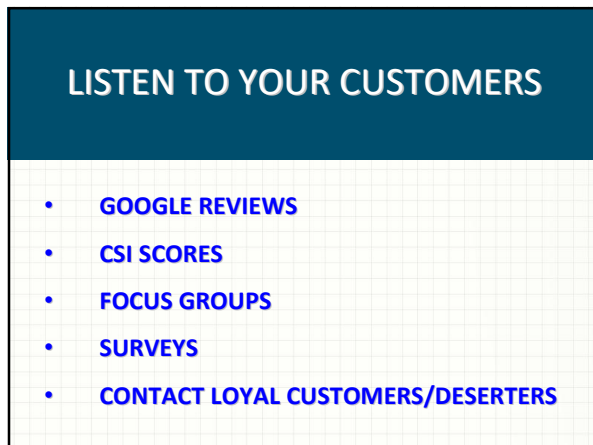
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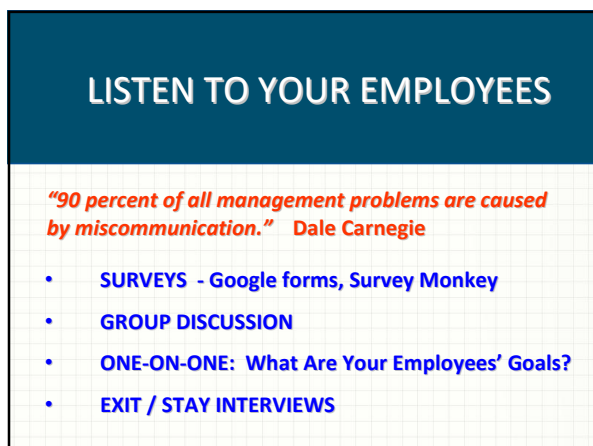
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OVER COMMUNICATE

WITH **YOUR** EMPLOYEES...  
THEY'LL LEARN TO OVER COMMUNICATE  
WITH **THEIR** CUSTOMERS

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Monday: Ms. Samples, This is Tim From Paradise Body Shop. I wanted to let you know the parts have arrived and we have started working on your beautiful vehicle.

Wednesday: Ms. Samples, This is Tim From Paradise Body Shop. Great News! Our award winning painter, Sam, is painting your vehicle right now. I will let you know when it goes to the detail. Please call or text me if you have any questions.

It looks as good as new!  
Your vehicle will be ready at 3:30pm. Let me know when you plan on arriving & we'll review what you need to do to maintain the new paint.  
You can pay your deductible at [www.BAYUS](#) or apply for 90 days same as cash at ww

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FINALLY  
"FORECASTING"

SKU: DLA1 - Forecasting

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Where to Start for Higher Profits?			
GRADE YOUR OWN DEPARTMENT			
Department Net Profit as a % of Gross Profit			
GM & Imports	C	B	A
New Vehicle:*	<5%	5% - 15%	>15%
Used Vehicle:	<5%	5% - 15%	>15%
Service:**	<5%	5% - 15%	>15%
Parts:**	<5%	15% - 35%	>35%
Body Shop:**	<15%	5% - 10%	>10%
* With Other Income ** Without Parts Transfer			
This Chart can also be used for Ford and Chrysler if you take into account the fixed expenses.			
Selling Gross Profit or Department Net Profit as a % of Gross Profit			
Ford & Chrysler	C	B	A
New Vehicle:*	<30%	30% - 45%	>45%
Used Vehicle:	<30%	30% - 45%	>45%
Service:**	<30%	30% - 45%	>45%
Parts:**	<35%	35% - 50%	>50%
Body Shop:**	<25%	25% - 40%	>40%
* With Other Income ** Without Parts Transfer—Ford			

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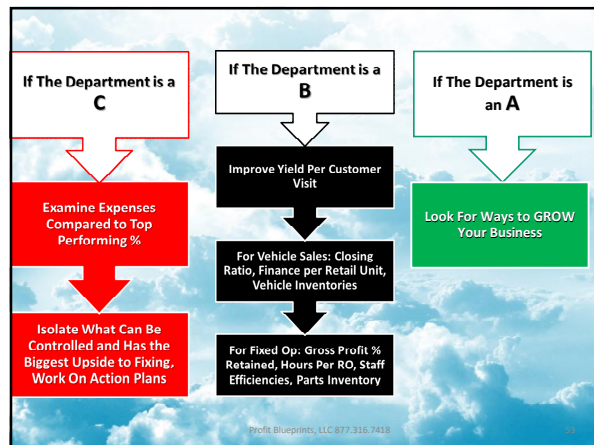
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## Expenses



Expense  
Budget



But  
WHY?

←————→

SKU: DKB4 Expense Control 55

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## Expenses

Not *"Do We Have to Spend This Much?"*

But ***"WHY Do We Spend This Much, and Could a Better Process Help?"***

*Is the Goal to Reduce This Expense or is the Goal to Get a Better Return on this Expense?*

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## Hidden Expenses in Waste

Waste Type	Definition
Defects	Information, products and services that are incomplete or inaccurate
Overproduction	Making more of something - making it earlier or faster- than it's needed
Waiting	Waiting for information, equipment, materials, parts or people
Non-Utilized Talent	Not properly utilizing people's experience, skills, knowledge or creativity
Transportation	Unnecessary movement of materials, information or equipment
Inventory	Accumulation of materials, information, applications, etc.
Motion	Any movement that does not add value to the customer
Extra-Processing	Any steps that do not add value to the customer

**Lean Six Sigma**

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### How Much More Can YOU Do



EACH DEPARTMENT'S OPPORTUNITIES

- ▶ Sales Department: 1 more sale a week would be worth **\$110,000 more Gross Profit** a Year
- ▶ Service Department: 1 more Service Tech = **\$180,000+ more Labor & Parts Gross Profit** a Year (**\$240,000+ High Line**)
- ▶ Each Advisor is worth between **\$400,000 - \$700,000 Labor & Parts Gross Profit** a Year

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### Where Can We Do Better?



Departmental

- ▶ Communicating with our Customers & Vice Versa
- ▶ Customers Expect Real-Time Responses (*don't you?*)
- ▶ Ask how the Customers **WANT** to be communicated with

**90% of text messages are opened in 3 minutes with an average response time of 90 seconds**

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### Where Can We Do Better?



Departmental

**Service & Body Shop Texts: Status, When Vehicle Will Be Ready, Pay**

***"WHAT CAN WE DO BETTER FOR YOU THE NEXT TIME YOU'RE IN FOR SERVICE?"***

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## NEED TARGETS?

*How Do You Know  
If Your Plans  
Are Working?*

- Measure How Well  
You Are Doing
- Coach & Motivate  
Employees

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### Targets From:

- Your Historical Data
- Factory Information
- Twenty Groups / CPA
- Third Party Consulting Companies

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**Individual Goals Based On Your  
BIG Goals and Individual's Abilities**

**Goals Are NOT "Set-It & Forget-it"**

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**Individual Goals Show Your Employees  
The Role They Play in The Success  
of the Dealership –  
THEY ARE IMPORTANT!**

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**Individual Goals *ALSO* Show Your  
Employees You CARE About Them  
As Individuals, and *in THEIR SUCCESS* –  
THEY ARE IMPORTANT!**

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**WEEKLY EMPLOYEE GOALS**

**Vehicle Sales People: 3 - 5 Units**

**Mechanical Technicians: 40+ Flagged Hours**

**Body Shop Technicians: 80+ Flagged Hours**

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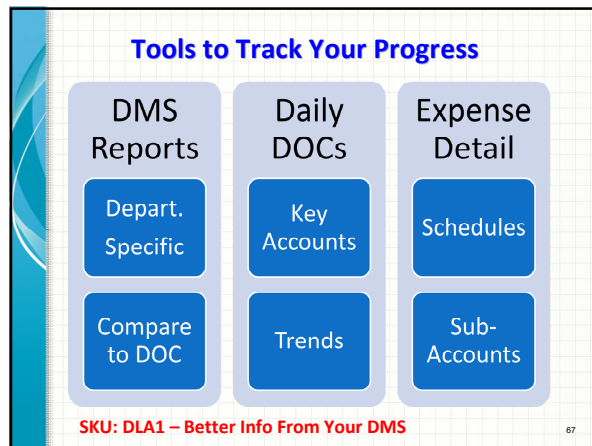
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**BETTER DOCs MAKE YOUR JOB EASIER**

DOC #1 NO SUB-ACCOUNTS	DAY	MONTH	DOC #2 WITH SUB-ACCOUNTS	DAY	MONTH
POLICY EXPENSE	\$950	\$2,241	POLICY EXPENSE TOTAL	\$950	\$2,241
			POLICY – COMEBACKS	\$420	\$420
			POLICY – LOT DAMAGE		\$500
			UNCOLLECTED SC DEDUCTIBLES	\$100	\$100
			WARRANTY CHARGE BACKS	\$430	\$1,221

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**How To Reach Those Big Goals?**  
**Commit with Action Plans**

- ✓ Action Plans to be used as a roadmap to reach goals:
- ✓ Action Plans need to be written to ensure commitment necessary to follow through
- ✓ Define the strategies to reach the goal
- ✓ Examine obstacles to overcome
- ✓ Who is in charge of implementing? Who will be involved?
- ✓ What resources will be necessary to accomplish the goal?
- ✓ Set a time-frame for completion and mini-accomplishments

**PUT THEM ON YOUR CALENDAR**

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## IT ***IS*** A TEAM EFFORT

1. Define the Goal
2. Reverse Engineer From the Vision
3. Listen to the Negative Opinions
4. *How Can We Make this Even Worse?*

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## Sample Action Plan

Action Plan				
Department	_____	Priority	_____	
Measurable Goal	_____			
How will we Measure	_____			
Person Responsible	_____			
Time Frame for Completion & Mini-completion	_____			
Strategies	_____			
	_____			
	_____			
	_____			
	_____			
	_____			

More, Better and Soon Are Not Quantifiable – Put a Number or Date to It!

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## HOW DID YOU DO IT?

***“We Discovered Strategies To Make Our Customers Happier!”***

***We Recognized The Best Ways To Reduce Employee Turnover***

***We Identified Cumbersome Processes and Fixed Them!”***



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### Additional Resources

Limited time availability of exclusive materials – Free through October 31, 2020

Just click on the link below!

Parts:  
<https://www.dealersedge.com/dpg3>

Forecasting:  
<https://www.dealersedge.com/dlj4>

Get Better Information from your DMS:  
<https://www.dealersedge.com/dla1>

Expense Control:  
<https://www.dealersedge.com/dkb3>

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 Call or Text: **321-698-9131**  
[www.profits4dealers.com](http://www.profits4dealers.com)




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### Calculate Employee Turnover

Recommendation: Calculate for Each Department

- Calculate the **average number of employees**:  
Add the number of employees at the end of each month and divide by the number of months in the average.
- Calculate the # of Employees who left during the time period. If you do this at the end of the year it's easy. Take the total number of W2s and subtract the number of employees who are there at the end of the year.
- Divide the number of employees who left by your average number of employees. Multiply by 100 to get your final turnover percentage  $(\text{Left}/\text{Avg}) \times 100$ .

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## My Action Plan

Manager's Name \_\_\_\_\_ Date \_\_\_\_\_

What account number, financial statement line or other metric do you want to improve?  
(the objective)

\_\_\_\_\_

How much additional Annual Gross Profit will be generated or Expense reduced when we achieve this?

\_\_\_\_\_

What are we going to do differently to improve?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What are our needs to implement change?

\_\_\_\_\_ Equipment    \_\_\_\_\_ Tools    \_\_\_\_\_ Software    \_\_\_\_\_ Add or Reduce Staff

\_\_\_\_\_ Upgrade Staff    \_\_\_\_\_ Training    \_\_\_\_\_ Other \_\_\_\_\_

\_\_\_\_\_

What are the potential obstacles?

\_\_\_\_\_

Who will be responsible to implement the change?

\_\_\_\_\_

When will the change(s) be put into place?

\_\_\_\_\_

How will the progress be measured and how frequently will we track this?

\_\_\_\_\_

**SMART** Goals  
**S**PECIFIC **M**EASURABLE **A**CHIEVABLE **R**EALISITIC **T**IMELY