



Powered by Clickability

[Click to Print](#)[EMAIL THIS](#) | [Close](#)

## And If I Were the Car Czar

By Don Ray

Ward's Dealer Business, Dec 1, 2008 12:00

PM

In keeping with the theme of “change” highlighted in the presidential election, I'd change some things in the automotive industry if I were the car czar.

Alfred Sloan wrote in his book, *My Years with General Motors*, “Whenever the automobile market shifts from a buyers' to a sellers,' or a sellers' to a buyers' market, a turbulence takes place in the industry, which disturbs both producers and dealers, and certain adjustments have to be made to meet the changing conditions.”

### ADVERTISEMENT

**MOVE METAL WITHOUT  
CARRYING THE LOAD.**

Over 30,000 vehicles sold monthly.

**SMARTAUCTION**

[Learn More >>>](#)

If I had a clean sheet of paper and ruled by imperial order, I would begin by having fewer same-brand dealerships selling more cars per location.

And we should limit the number of owners of same-brand stores in each market. The automotive retail world could be patterned after Saturn's original model or the Nissan Contiguous Market Ownership plan (i.e. the Mossy Automotive Group in San Diego).

Car-sales facilities, centralized-parts warehouses and satellite-service facilities would be strategically located in the community.

We would have clean utilitarian facilities for volume brands, not the expensive monuments many manufacturers require (and that many dealerships are no longer able to support).

Don't get me wrong, I think when you look at a dealership you should be able to tell immediately whether it's a Chevrolet, Toyota or Volkswagen store — and not just by the sign. But someone buying a Honda does not want to pay for facility amenities and sweeping architecture that provide no consumer value.

I like a latte every now and then and am willing to pay for it, but should my local dealership be required to offer it? Look, this business is becoming more of a commodity business than many of us would like to admit.

The quality and safety of all cars is good and getting better. I know style sells, but when they all look alike, you can bet cost will win out. The future in this business is to drive out cost. That means cost at the raw-materials level, supplier level, manufacturer level and, yes, the dealer level.

How do we do that at the dealer level?

- Be unmerciful about driving out costs.
- Operate in a market that has the right number of same-brand stores and own them all.
- Operate out of facilities that make economic sense.
- Locate where your customers are.
- Be open when your customers want you to be.
- Create a new sales process that eliminates layers of personnel and embraces technology.
- Redirect advertising to media that targets your potential clients like a laser beam, not a shotgun.
- Have processes that work, document them and teach them relentlessly.
- Have pay plans that run parallel to the goals of the dealership.
- Have less people, but pay them more so you get and retain the best.
- Be involved in the community.
- Make consumers want to buy from you.
- Have a purchasing system that is efficient and cuts costs.
- Be unmerciful about driving out costs (I know I already said this, but it's the advantage of the future).

In 1958, Martin H. Bury wrote in his book, *The Automobile Dealer*, “All factories are selfish. They want prestige, position and profit. To achieve these objectives, they must sell automobiles. The only customers they have are their dealers.

“And dealers will buy only as many cars as they can sell — and sell profitably. So the factories pursue a never-ending search for methods by which the dealers will sell more cars and for procedures by which the dealers will earn more profit. Is that bad?”

Seems to me, some manufacturers have changed from helping dealers make more money to hurting the dealers' profitability. That's a change in the wrong direction.

7/6/2009

And If I Were the Car Czar


*Don Ray is a CPA and Senior Vice President at AutoStar, a leading provider of long-term capital for auto dealers. He may be reached at 901-907-0134 and [don.ray@autostar.com](mailto:don.ray@autostar.com).*

**Questions or comments about this column? Send us an e-mail at [Dealers@wardsauto.com](mailto:Dealers@wardsauto.com).**

© 2009 Penton Media, Inc. All rights reserved.

**Find this article at:**

[http://www.wardsdealer.com/ar/auto\\_car\\_czar/index.html](http://www.wardsdealer.com/ar/auto_car_czar/index.html)

 **Click to Print**

[EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.

© 2008 Penton Media, Inc. All rights reserved.