

Your State Dealers Association: Eight Steps in Challenging Economic Times

by : Richard N. Sox, Jr., Esq.

As the industry experiences the continued challenges of a difficult economic marketplace, many franchised dealers are looking to their state dealers association for help. Dealers may be looking for information on critical legal issues or for an opportunity to share factory information, but in most instances, the dealer is looking to connect with other dealers for resources to help survive the challenging times. In this regard, it is my pleasure to allow two of the leading dealer association executives, Robert Glaser, with the North Carolina Automobile Dealers Association and Tim Jackson, with the Colorado Automobile Dealers Association, to present their thoughts in this month's column on how dealer associations can best assist their members in this tumultuous period in our industry. ~ Richard Sox

State and local dealer associations have long been the staunch advocates and devoted champions for dealers' rights. But in addition, state associations have constantly served as a forum for dealers to share concerns, exchange ideas and discuss opportunities that are present in the industry. Accordingly, as the industry becomes mired in tremendously turbulent times, dealer associations have the opportunity to provide proactive resources to help dealers. The following are eight possible pro-active programs that dealer associations can implement to help dealers maximize profits in financially problematic times.

Offer educational programs on maximizing profits

While there are numerous issues that will confront dealers from the credit crisis, consolidation of manufacturers, increased consumer driven litigation, and volatile gas prices, the topic that is most important to dealers is that of maximizing dealership profitability. As the marketplace becomes more difficult, it is with renewed interest that state associations should focus on working with and educating dealers on ways to maximize profits.

While there are countless programs available to dealers, one that has received acclaim from several states is the NADA "Lifeline to Profits" seminar. Just recently, this program was conducted, in partnership with NADA in several states including Iowa, Ohio, West Virginia, Tennessee, Colorado, North Carolina and Alabama. This hands-on, high-energy, comprehensive program is dedicated to demonstrating emerging ways that dealership operations can be changed to increase profits. According to one dealer who attended the Lifeline to Profit seminar in North Carolina, "This program will save my dealership \$500,000 next year." This program, with these types of results, will help dealers survive and thrive in difficult economic times.

Act as a clearinghouse for news and information

With the advent of the credit crisis in mid-September and the almost daily news about the factories and the captive finance companies, an opportunity exists for the dealer association to act as a central clearinghouse for information, reports and emerging news. Starting in mid-September, the leadership of the North Carolina Dealers Association met on a regular Monday morning conference call to discuss the activities of the previous week. As a result of the conference calls, there was a healthy exchange of information and opportunities, as well as an action item list agreed to by the association leaders at the end of the call.

Cost effective educational programs

While the dealers may be engaged in deep and unprecedented cost cutting, one cost that the association does not want to see cut is the cost to attend the association's educational programs. As such, the leadership of the dealers' association should evaluate and recommend the most important educational needs and the cost/benefit of delivering these timely and affordable educational programs. It is critical that dealers have the opportunity to meet with each other, hear from experts and witness examples of

effective leadership in management decisions.

Conduct a statewide make meeting

There is nothing quite like the power, intensity and opportunity when all the franchised dealers of one line-make are gathered together. State dealer associations have the opportunity to bring common linemake dealers together to discuss business conditions, statewide opportunities or emerging trends that may impact only one franchise.

In late August, the Chrysler dealers of North Carolina gathered with the association's legal team to discuss issues that related only to Chrysler and Chrysler Financial. As a result of the meeting, not only did the dealers garner a much needed understanding of their rights under the state franchise laws, but the association also drafted a letter to Chrysler President Jim Press asking for clarification on several Chrysler related issues.

Organize a statewide, regional or local media plan

As the credit crisis unfolded during the fall months, the national media was implying that consumers were not being financed at the local dealership. This was a falsehood magnified by media coverage.

In order to offset this critical misinformation, several metro dealer associations worked to produce and air commercials or print ads that debunked the credit myth. Dealer associations in Chicago, Birmingham and Oklahoma City conducted radio and television campaigns that focused on the availability of consumer lending sources available within dealerships. In difficult times, or in times when the information in the media is misleading, a real opportunity exists for the state or local dealer association to step forward with a PR campaign on behalf of members.

Keep the federal and state legislators in touch with the industry

Legislators both in the state house and the nation's capital generally have positive relationships with their local, hometown franchised dealers. As such, one priority many state associations have incorporated is to meet with state and local elected officials about the status of the industry, as well as pending transitions.

Within a two-year period, the Colorado dealers association organized 92 breakfast, lunch or dinner meetings involving dealers, senior managers and local state legislators. The sessions were so successful that, oftentimes, legislators promised support for the dealers' issues even before the dealers had made a request.

This flow of information from the association to the elected official enables the local, state or federal government to be more informed and ready, should state or federal assistance be offered or needed. In fact, franchised dealers across the nation have strong relationships with their legislators and the process of keeping policymakers informed on the status of the industry encourages them to better communicate with the dealers.

Survey your members

One of the most critical roles that the dealer associations can play is that of a clearinghouse for timely information. As part of that role, the association can quickly survey members to determine pressing concerns and emerging issues. For example, as part of the GMAC floorplan issue in October, a survey was done by the North Carolina Automobile Dealers to determine what percentage of dealers received a rate increase from GMAC; the magnitude of the rate increase and the impact that GMAC's retail policy was having on consumer financing. Overall, surveys are a key tool that allows the association to gather key information and relay that information to members in a timely manner.

Be proactive

Possibly the most important of all the steps that the state association can do is to be proactive. There are countless ways that the dealer associations can and will be proactive on behalf of the dealers. From setting up emergency board meetings to planning meetings with statewide lenders, dealers can expect their dealer association to take positive steps to forward members' concerns. By taking a positive step to assist the dealers, the perception is that the association cares! As the saying goes, "The dealer doesn't care how much the association knows, until the dealer knows that the association cares."

Summary

Dealer associations are often a hidden but powerful force with the opportunity to help dealers in difficult times. From offering quality educational programs, to conducting statewide surveys, to acting as a clearinghouse for vital information, the meaningful value of the association becomes evident when the dealers need help. Dealer associations are proactive in addressing dealer concerns, are providing a forum to exchange ideas and information and are taking positive steps to help their dealers and the industry survive. This industry is blessed with some of the most competent, thoughtful association leaders and with their efforts, working together, franchised dealers can and will survive today's economically challenging marketplace.

Robert Glaser is the CEO of the North Carolina Automobile Dealers Association and is the former CFO of the National Spa and Pool Institute. He is a former CPA and has written and lectured extensively on association finances and management

Tim Jackson is the CEO of the Colorado Automobile Dealers Association. Prior to joining CADA, Jackson was the Colorado state director of the National Federation of Independent Business.