

Are You Ready for Midnight?

by : Dave Anderson

The clock is ticking but many dealers and managers can't hear it. The sound of their own boasts, slaps on the back and soliloquies of celebration have drowned it out. Business has been good for a while now. Yes, people still whine about a weak economy, but they need to get a grip and gain some perspective. They've gotten so spoiled they can't remember what a truly bad economy is: 21 percent interest rates; 13.5 percent inflation; 7 percent unemployment, and the like.

Some of you remember those numbers but many leaders today can't imagine them because they never led through such times. In fact, anyone in a leadership position for under a dozen years has never had to lead through sustained down economic times and if you've been in leadership for less than 25 years or so you've never had to function through the economic disaster on a national scale found during the Carter presidency or in its immediate aftermath.

You may think the good times will last forever. Perhaps with the success you've enjoyed you've even made the error of mistaking a bull market for brains. You may be tempted to use the great years you've had as a license to stay the same; write it down; build the manual and document the formula. If so, you'll also be authoring your own business obituary.

Just as during Cinderella's fantasy night, the clock will strike midnight for the automotive world. You can rest assured that business still travels in cycles and the day of reckoning will come; probably not suddenly but gradually so as to catch many of the unaware napping. The time to prepare for "midnight" is before the bottom falls out. Evaluate this checklist and firm your business foundation now.

1. What measures do you have in place to leverage your current customer base since in down times keeping the customers you already have can mean the difference between prosperity and obscurity?
2. What can you do now to get your expense structure in line? This should include evaluating pay plans to ensure average or below performances are not rewarded; reducing wasteful advertising expenses and thus, forcing your people to retain the customers you currently have and better maximize the opportunities they abuse each day; renegotiating current contracts with vendors while business is still good to maximize the value for your dollar; trimming excess inventory; refinancing any outstanding loans possible to lock in lower rates since they are almost guaranteed to continue rising after seven consecutive increases since June and continued concerns about inflation; dismissing perennial non-producers and forcing into retirement tenured workers that have retired on the job; shuttering unprofitable units in your business and taking the financial hit now while you can afford it; selling off marginally profitable assets now while there is still a market for them and so they are not around to drain valuable talent, dollars and resources when midnight becomes reality.
3. Put your best people on your greatest opportunities and not on your biggest problems. By ridding yourself of unprofitable or marginally profitable entities as recommend in the prior point you free up your most talented people to leverage the strengths of your organization rather than squandering their abilities on loser-enterprises.
4. Intensify the training of your employees, as making them more productive and able to maximize the fewer opportunities they're likely to see will be key to continuing to grow your business even in down times.
5. Tighten up systems to maximize the current opportunities you have each day: incoming phone calls, working customer follow-up in addition to the sold follow-up covered in point 1.
6. Tie more of your managers' compensation to net profit. This focuses them harder on holding people accountable for performance and on the financial discipline necessary to bullet-proof your enterprise during slower times.
7. Stop letting the tail wag the dog. Too many dealers and managers are total wimps when it comes to disciplines like holding people accountable, enforcing core values and conducting or attending training meetings. There are certain aspects of every business that must be non-negotiable. These handfuls of high-leverage activities are for the top leader to decide but they must be clearly established and rigorously enforced. While it is desirable to let employees use their own discretion with certain aspects of their job, you must engrave certain standards in granite. Identify your dealership's nonnegotiable policies and programs and display zero tolerance. In other words, stop begging and pandering to the people who work for you and start kicking their butts when they don't execute the disciplines you have designated as mandatory.

You have two choices after reading this article: you can dismiss it as being too dramatic, negative or irrelevant. Or you can decide to return to the basic disciplines it espouses that will fuel your business to greater success in good or bad times. To

help you make the right choice, I should remind you that choosing to live in denial concerning business cycles and embracing the "we'll never see another poor day" mantra of manure is a catalyst to one day longing for yesteryear and boring your friends with pathetic reminiscences about the good old days.

Few people would argue that the points presented here wouldn't improve one's dealership. Thus, the only question is when you should get serious about putting them to work. You can either "fix the roof while the sun is shining" or wait for it to leak and cave in. Choose well.

Dave Anderson is a former car salesman, manager and director of some of America's most successful dealerships and is president of the international training organization, LearnToLead. He is author of three books including, "Up Your Business: 7 Steps to Fix, Build or Stretch Your Organization." He has spoken at the NADA Convention for six consecutive years. His www.learntolead.com web site has over 300 free training articles and resources.