

# Growing & Protecting Value through Process Improvement

I think I can safely make the following three statements about most dealers that have been in business for the past 10, 15 or 20 years or more:

- The business model has changed and forced you to change priorities and learn new skills.
- The legal and regulatory environment in which you operate is more complicated.
- You have added stores, either through mergers and acquisitions or by building new locations.

The problem that many dealers face is that these realities often create obstacles to increasing the profitability and value of your dealership. The good news is that this problem can be tackled with two words: "Process Improvement". The bad news is that Process Improvement can be tedious, time-consuming and require an upfront investment ... simply put, most of you (I'm included in this) don't enjoy or look forward to Process Improvement even though you intuitively understand it is critical for continued success. **Benefits of Process Improvement** Before getting into "how" to do Process Improvement, it is important to remember "why" Process Improvement can lead to improved value for your dealership. There are at least three key outcomes of Process Improvement that contribute to increased dealership value:

- **Consistency.** Consistency of customer experience is a core element of developing and growing your dealership brand (i.e., blue sky or goodwill). Consistent process and methods for handling common situations or transactions within a single location and across multiple locations are critical to achieving this outcome.
- **Limit Risk.** Another way to protect or enhance value is to minimize risk (and the negative economic consequences that follow) by designing processes that comply with the contracts, laws and regulations that impact you and your customers, manufacturers and lenders.
- **Leverage Scale.** Dealers that successfully implement Process Improvements use their work force and scale to improve bottom line performance. This can be done in a variety of ways, including the negotiation of contracts that cover multiple locations and increasing per employee transaction volume and maximizing the number of services that can be provided by employees.

**How to Implement Process Improvement?** There are two main obstacles to accomplishing meaningful Process Improvement. The first obstacle is getting started. Too often, the task seems so enormous and undefined that it stops any meaningful effort in its tracks. The most practical way to get over this hurdle is to retain a project management consultant to get you started and see you through the first steps. This involves upfront cost, but if you don't bring in someone with both experience and a single-minded focus on the task, I can promise you that your chances of successful organization-wide Process Improvement will be greatly diminished. The second obstacle relates to retaining Process Improvements after the consultant leaves. Once the initial work is done, it is important for the dealership to implement, maintain and continually adapt Process Improvements. To limit the risk of failure, one role of the project management consultant should be to help you identify or hire an employee with the talent and responsibility for monitoring, adapting and measuring the Process Improvements that were put in place. For those interested in engaging a project management consultant for Process Improvement, I recommend Brian Coffman and his company, Broadventure Management Group. Brian can be reached at (913) 998-6188 and [bcoffman@broadventure.net](mailto:bcoffman@broadventure.net). **When is the Right Time?** Improving performance

at your dealership should always be a priority, but there are some events that readily present opportunities for Process Improvement. Changes in senior management may be a good time for this since a new manager will likely be more open to changes from the past and tend to embrace change as a way to demonstrate value. The other type of event that is a good time for Process Improvement is a merger or acquisition. Whenever this kind of event occurs dealers should take the time to understand and evaluate the processes of the different organizations and understand how they can be brought together or improved. I fully understand that a focus on Process Improvement may not be what gets you excited about being a dealer. However, due to the tremendous expansion we've seen in the size of dealer organizations and the increasingly complex environment in which dealers operate, I am a firm believer that this type of focus is and will be critical for successful dealerships.