



May/June 2024

THE MOTOR DEALER REPORT FROM AUSWILD & CO
PO Box 527 Kogarah NSW 1485
Chartered Accountants and Dealer Management Services

Website: www.auswild.com.au
Telephone: (02) 9588 0100
Facsimile: (02) 9588 7865

SOLVING THE DEALERSHIP CULTURE PROBLEM

Selling cars today is not unlike what it was just a quarter of a century ago. Granted, most dealerships these days are all-in with digital marketing – everyone has a web site; everyone posts their vehicle inventory on multiple third-party sites; and everyone follows industry recommendations for search-engine optimisation and so on and so forth.

But the basics of the business haven't changed: You still greet, qualify customers and conduct walk-arounds the same as you did 25 years ago. However, the way you differentiate yourself from all the other dealerships needs to evolve. Using a rugby (or rugby league or AFL, if you prefer) analogy, you still block and tackle the way your coaches have always taught you – but now, you run the play a little differently – and one way to run the play differently starts with the culture in your dealership.

Ask yourself this simple question: Does your dealership's culture satisfy the needs of today's workers and customers or is it stuck in the past?

A recent study on organisational culture and performance specifically in relation to car dealerships confirmed that company culture greatly impacts a dealership's long-term success and overall customer satisfaction. It also said that employee involvement, internal consistency in terms of company values and development, and adaptability to the always-changing automotive industry are key factors in a dealership's culture and the effectiveness of it.

A poor company culture can have many consequences – including low employee morale, “toxic” tension, a high turnover rate, and a poor work-life balance.

Solving the Dealership Culture Problem

What is culture in a dealership? Company culture in a dealership refers to the attitudes and behaviours of the dealership and its employees. It is evident in the way the dealership's people interact with each other, the values they hold, and the decisions they make. Company culture encompasses a variety of elements, including work environment, company mission, leadership style, values, ethics, expectations, and goals.

So, how do you go about creating an awesome culture in your dealership or fixing a poor company culture? Writing in *Wards Auto*, **David Adcock** of *Binary Auto Solutions* lists four steps toward creating a culture in your dealership to fit today's expectations:

1. Define

Simply put, your culture is your dealership's personality. Do what it takes – hold offsite meetings, brainstorm, bring in a consultant – to agree on a common definition of your culture before trying to implement it.

An outside consultant can be of great assistance when trying to put what you want into words, and this plan can then be distributed to employees. Deciding what is most important to a dealership is crucial, and this can include answering many different questions.

Is teamwork more important than individual accomplishment? Are you a price-driven or value-driven dealership? Do you bring together the best of traditional and innovative technology? A good place to start is by identifying three to five of your company's core value propositions.

2. Promote

Once you have identified your culture, promote it daily in every way, and not just with colourful posters.

Creating a committee of employees who can work together to make the work environment better is one option. Holding a meeting with the entire team to discuss improving the culture and asking for suggestions and opinions is a good way to include everyone in the transition.

Make sure your culture is present in your dealership and not only appears on your website, but across your lot, from car stickers to hanging banners.

Don't overlook training. Yes, you should train for culture. And not just once. Otherwise, whatever you expect will not be happening. Train on your culture as often as needed to ensure it weaves itself into the fabric of your staff's daily activity.

3. Reward

If superior service is part of your culture, find a way to reward your service team for excellent contributions. If helping others is a core value, then acknowledge employees who volunteer after-hours or who assist co-workers or customers. If innovation is important, reward those who suggest practical ways to make your business more efficient. The reverse is equally true. Train those who may not be living up to the promise of your culture. After all, actions speak louder than words.

4. Live it

This is the "walk the talk" part. It must start at the top and ripple throughout, every day, even when nobody is looking. Teamwork. Transparency. Innovation.

No matter how you define your culture, it needs to be evident to employees and customers. Managers are role models, cultural ambassadors.

Creating a stellar environment in your dealership can have many positive outcomes. Turnover rate won't be as high as the rest of the industry and you can therefore focus more on sales instead of having to train new employees, which can be costly in terms of time and money. The "vibe" your team gives off and how well it works together will also greatly affect customers' overall experiences. You don't have to be best friends, but solid teamwork leads to more sales and increased happiness.

A dealership's leaders should be able to realise when something is wrong with the workplace culture and subsequently take steps to fix it. Leaders who don't care about it cause other employees to not care about it, and this can lead to negative repercussions. Taking steps to define what a dealership needs and actually initiate the change can result in higher happiness and better business practices.

*Adapted from an article by **David Adcock** published in Wards Auto. David is the executive vice president of Binary Auto Solutions, a leading provider of customised programs for dealerships. He can be reached at Dadcock@binaryauto.com*

For additional information, please contact your
Auswild Dealer Management Services Team

Vincent Choy James Dick Lee Payne

(02) 9588 0100

Important: This is not advice. Clients should not act solely on the basis of the material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without prior approval.