PROCESS INVENTORY CUSTOMER
ADOPTION RELATIONSHIP AGENT
SALES STAFF DEMO MANAGEMENT
COMMUNICATION LEADS REPORTS
PHONE UPS INTERNET EXPORTING
AUTOMOBILES FORMS MARKETING
INSURANCE DASHBOARD ACCESS
EMAIL DEALERSHIP ADVERTISING
HISTORY APPOINTMENT DRIVE BY
SEARCH MANUAL ENTRY SERVICE
DECISION MAKING APPLICATIONS

WHITE PAPER

BUYING A CRM: A MASSIVE DECISION, SIMPLIFIED

DEALER.COM™ DealerRefresh

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Buying a CRM is a massive undertaking. It takes a lot of research and requires knowing exactly what you want. Looking at a CRM demo represents your best chance to see how the system will work, and most importantly, how it will mesh with the way you run your dealership. Having sat through many a demo in his dealership days, Dealer.com's Senior Director of Product Design and writer for DealerRefresh, Alex Snyder, offers his insights into what to look for when you're sitting down for a CRM demo.

Alex notes, "I look at a CRM as serving three core areas of a dealership: **Process, Marketing** and **Decision Making**. Sure, there are other elements involved, but those are the key."

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CRM 101 Chapter 1: CRM 101

What is a CRM system? Let's start with the basics so we're all on the same page. A Customer Relationship Management (CRM) system helps to keep you focused on your customers by enforcing process. In a nutshell, it's a system that tells you "who to call and when to call them." But when you look beyond those narrow constraints, a CRM system begins to get more sophisticated; it's also a database of your customers that organizes their information in ways that aid in your marketing and decision-making efforts.

CRM: The Big Three

To appreciate what a CRM can mean for your dealership, you need to understand its three main parts: Process, Marketing and Decision Making. The first has always been the driving force, but the other two are rapidly catching up.

Process Enhancement

I would argue this is the most important part of a CRM. You move the needle in your store by managing employee communications to customers based on employees following your process guidelines.

Marketing Abilities

A CRM can be used to send bulk emails, push advertising phone calls for your staff to make, and export a list of customers for mailers or external call centers. Some CRMs offer more than others in this area.

Decision-Making Capabilities

This mostly boils down to reports and dashboards, but it's really the system providing accurate and relevant data that allows you to make better decisions.

Why are Most CRM Options from Automotive-Specific Vendors?

There are many CRM companies supplying other industries with solutions; Sugar and SalesForce are major examples. I bet a few of the automotive CRM companies even use non-automotive-specific CRMs within their own sales departments.

Many of these non-automotive CRMs focus on Business-to-Business (B2B) sales, but dealerships are inherently Business-to-Consumer (B2C) organizations. The models for each are quite different. That's not to say there aren't B2C solutions outside automotive; there are tons. Automotive is a tough nut to crack and almost a fraternity. But that still doesn't explain the situation.

What Makes an Automotive CRM so Different?

One major reason for the specialization is difficultly in transacting with a dealership's Dealership Management System (DMS). Outside of automotive, these can be compared to Enterprise Resource Planning (ERP) systems, but there is more competition in this area outside of automotive. There are also factors like manufacturer certifications, but they're much easier to work with.

Outside of integrations and certifications, automotive has different process demands. For example, the levels of communication are vastly different between a dealership and its customer versus something like a Best Buy and its customer. Also, within our process, there are what the outside world would call two different quote tools. One is a quote tool that's used for email communication once an Internet lead comes through, and another quote tool is something we call a "pencil tool."

Then we've got that complex monster known as inventory, which is constantly shifting, and often late to be updated when new models come around.

Layer on top of that a dealership's unique vocabulary. In order to build software, you should start and finish with something called an object model, something that requires a precise vocabulary. I won't bore you with the details of an object model, but I can tell you that our vocabulary is all over the place. What we refer to as a 'lead,' a 'client,' a 'customer,' a 'phone-up,' a 'floor-up,' etc., all mean the same thing to us: a person who wants to buy a car. But in the world of software, these are completely different things. There aren't too many car dealers actually coding software, so confusion arises when trying to bridge technologist-speak and car dealer-speak.

And finally, one of the biggest problems in automotive is that we don't take CRM as seriously as we should. We might like to think of ourselves as an industry that isn't very technologically savvy, but that's probably because we're an industry that technologically savvy people struggle to understand.

Where Does a CRM System Break Down?

Look in the mirror. Most of the time you are the destroyer of your CRM.

All technologies solve some sort of problem and that inherently makes each one a good thing. Where they go bad is when they don't solve your particular problems (we're going to try to fix that with this paper), or they don't innovate to keep up with your advancing abilities. However, when it comes to CRM, it's more about providing your "front line" (sales agents, BDC, call center, service writers, etc.) with a schedule of things to do and a place to add to your database. If your front line isn't inputting customers or calling customers, then it isn't the CRM that's broken. It's you.

There are many times when I've thought that by simply replacing a technology, it'll give me a fresh start and the ability to fix my current problems. But more often than not, all it really did was sweep the problems under the carpet for a while. When those problems reared their head again, they were often worse than they were originally.

Good CRM utilization requires work – and maybe some time looking in the mirror. If you take the time upfront and are honest with yourself about the problems you want to solve, you'll get a lot more out of your CRM in the long run.

Chapter 2: Process

Now that we've got the basics out of the way, it's time to talk about the most important aspect of CRM: Process. In order to sell more cars, get more service appointments and just generally get more customers visiting your dealership, it all boils down to good follow-up. This is where the needle gets moved. This is where you close the gap with your competitors. Because this is where CRM makes the difference. Don't let anyone tell you different.

Nothing is more important than clear process.

Clean User Interfaces are desired, pop-ups can break the flow.

Does it look like the tool was built by different people at different times?

Process management is not a silver bullet (do those actually exist?); it requires a lot of work. You can't simply write a check for this one, and there isn't a vendor, consultant or trainer out there who can maintain the consistency you need in this area. If you want to own your market and make your customers happy, this is where the right-fitting CRM can help you get it done.

It really all comes down to the front line (meaning anyone speaking to customers as their primary job function). That's not to suggest that your front line should be the ones making the decisions on which CRM you should buy. They probably shouldn't; there would be way too much chaos. However, as the decision maker, you need to consider your audience. You absolutely should be considering the front line—how they'll use, and hopefully embrace, the system before thinking about how you'll use the system, how much it costs and all of those other factors.

What to Look for in a Demo

The front line really only needs to use a few screens in the CRM:

1. Customer Entry Screen (where a customer is first added)
2. Customer Details Screen (where you can edit customer info and view their history)
3. Forms (printing and editing forms to work a deal)
4. To-Do Screen (where your staff does their daily follow-up)

Start with these four. You need to possess a very good idea of what your front line will be doing multiple times a day, every day. If the screens are tedious, ugly (subjective, I know) or unintuitive, your people will hate it. I've seen some CRM rebellions by front line staff and they do nothing but waste everyone's time and money.

Here are some things to consider with each of the four:

Customer Entry Screen

- How many screens does it take to enter a customer? Are they all pop-ups or new browser windows? The fewer the better.
- What are the required fields and can you control those? (For instance, can you make adding an email address a required field?)
- How easy is it to attach a vehicle the customer wants to buy?
- How easy is it to add a trade-in?
- After adding basic five-liner stuff (first name, last name, phone number, date of birth, and social security number), is it simple to get into the area where you add financial information for a credit application?
- Does the screen promote the addition of an advertising source? If so, does it have things like 'Walk-in,' 'Drive-by,' 'Internet lead,' 'Phone-up,' or 'Manual entry'? If those are present, ask why, because they're unnecessary. Those are channels, not ad sources. Spend a lot of time here.
- When it comes to the license scanner, is it a windows-based system that has to be reinstalled every time the scanner is disconnected? Do you really need a license scanner or are you simply looking for a way to upload a picture of the customer for a future reminder of who he or she is? How important is a license scanner to you? Think hard about that question because most scanners are seldom trouble-free.

Customer Details Screen

- How easy is it to view the history of communications?
- Can emails and phone calls be completed from this screen?
- Can forms be printed from this screen?
- How easy is it to edit the customer information in this screen?

Forms

- Is it just a printout of data from the customer details screen?
- Can you actually edit the form before it's printed?
- Are the forms large PDFs that take forever to load?
- Can you add customized forms?

To-Do Screen

- Can the front line override the process by delaying calls or changing process when necessary?
- Does sending an email or making a phone call require doing so from a different screen or pop-up?
- Can you prioritize which calls are most important to make? This helps to tone-down sales agents cherry-picking their calls.
- Is enough customer information shown for an agent to only use this one screen?

Three to five minutes is optimal for completing a to-do, which includes the time spent on the phone with the customer.

The To-Do Screen is where you want your people to spend most of their time in the CRM. It's extremely important, so put yourself in the shoes of your sales and BDC agents. Imagine what it's like to interact with it every day as your job. Could you use this screen every time you step into the office? It may look cool today, but will this screen continue to be effective and engaging a year from now?

The To-Do Screen should also play to the numbers game. Sales is a numbers game, right? The goal of any salesperson should be to speak to as many customers as possible. Talent is simply a measure of how many customers one needs to work with to hit a number of sales. If this screen promotes time spent digging through the customer history or doing anything other than just calling, it might not be the best screen for getting the job done.

EXAMPLE

I used to watch the amount of time that a sales agent or BDC agent interacted with each to-do item. I'd stand somewhere where they didn't know I was watching and I would time them. I found that most agents pulled up a to-do item and immediately dove into the customer history. They'd mentally formulate where the call would go and maybe call some of their coworkers who had worked with that customer before – this is time wasting at its finest. I found that, on average, it was taking my people roughly ten minutes to get their head straight before picking up the phone (ridiculous, I know). I had to train people to just dial and go. What they found was the customer would tell them what was important or they could rely on our phone guide/scripts to help get them through the call. Three to five minutes is optimal for completing a to-do, which includes the time spent on the phone with the customer.

What Should Managers Look For?

You want to be sure your managers have easy access to everything that's transpiring throughout the day. Typically they do this through a dashboard. What should a manager dashboard have?

1. The ability to see that all agents are completing their follow-up
2. Monitoring the traffic that comes into the dealership (floor, phone, Internet, and maybe even the service department, depending on your own needs)
3. Month-to-date sales
4. Appointments generated for the day, with the appointments that are scheduled to show up

There are many other things that can be on a manager dashboard, but these are the bare minimums. The dashboard is important and should be able to help managers hold their people accountable for a day's CRM work at-a-glance. You should spend a lot of time looking at this screen because it's where your sales managers should live.

If your managers aren't confirming appointments, then I suggest you have them start immediately. A proper manager-confirmation call almost doubles the likelihood that a customer will actually show up for that appointment, and it helps to make sure your agents aren't gaming the system.

EXAMPLE

There are a number of ways to handle this call, but here's a very basic example: "Hello [Mr. Customer], I am [John Doe] from [ABC Motors]. I am [Sally Smith's] manager and I just wanted to say thank you for taking time out of your day to work with [Sally this Thursday at 11:45]. I am looking forward to meeting you. I will be the one helping [Sally] make sure your experience is fantastic. I've set aside some time to sit down with you, so please let [Sally] know if you're going to be early or late. Do you have her phone number?..."

A proper manager-confirmation call almost doubles the likelihood that a customer will actually show up for that appointment, and it helps to make sure your agents aren't gaming the system.

If the CRM has a way to track confirmation calls, that's a big bonus.

You should also look at how easy it is for managers to dive into reporting and generate lists of customers quickly. I'll talk more about reporting under the Decision-Making portion of this paper, but search capabilities can help managers task their staff with more stuff to do if they ever catch someone standing on the point waiting for the 'Up Bus.' Be sure you thoroughly test the search capabilities – your entire staff will be using it daily.

Managers should also have their own to-do's, so be sure the To-Do Screen is just as good for them as it is for your front line.

Building the Processes

Hopefully your CRM partner will give you a default set of processes based on best practices they've seen in their own system. Anytime someone gives you a list of processes, grab the opportunity, even if you feel like your own are pretty dialed-in, because there may be a step or two you'll want to adopt down the road.

The first thing you want to consider when looking at the process-building section of the CRM is whether it's easily understood. If it isn't easy, or if you aren't assigning someone to own the CRM at your dealership, you're going to hate tweaking those processes, which is a key element to CRM utilization. You should always be looking for ways to make the processes better, and should seriously consider hiring an expert in this area who is part of your full-time staff. I like to think of this person as the CRM Architect, someone who can translate technology into real-world usage. I haven't met many people who can do that, so treasure that person if you ever find him or her.

Aside from looking for a simple understanding of how to set and tweak processes, you should first get a list of all the triggers in the CRM. These may be referred to as "if" items: "If customer entered into system…" Look through the list and see if it covers everything you want it to and maybe it will give you some new ideas.

Triggers are what happens and Actions are how you respond to them.

"If" this happens "then" do this.

In my experience...

Talent is simply a ratio changer. A good closing ratio should be between 18% and 32%. Too low, there are obvious problems. Too high is equally as dangerous because it indicates a combination of cherry-picking and brooming.

After digesting the triggers look at the actions. Actions are the "then" items: "…then send an automatic email." Think of the combination of the triggers and actions: If customer entered into system – then – send an automatic email. Just as you digested the triggers, do the same with the actions.

Beyond triggers and actions you have the basic "when's" and "who performs the action" stuff. Make sure actions can happen at least by the minute. If you have to wait for an action to happen at midnight, that's unacceptable. Make sure you also have the ability to assign actions to different people. A sales agent isn't the only person working in the dealership, so you should be able to include others in your follow-up process.

Can notifications be built into the process? It's unrealistic to think the dealership staff is going to sit in the CRM all day. There are action items that will come up that you're going to want someone to act on quickly, so they're going to need an email or text notification to let them know to get back to the CRM.

There are more sophisticated CRM systems that add even more functionality right on the to-do screen, such as phone scripts, email templates and the reasons why a customer is showing. I am a big advocate of these functions, but it is possible to get the job done without them.

It's no secret—sales is a numbers game. Speak to enough customers and you'll sell enough cars. Talent is simply a ratio changer. I haven't met a sales professional who's ever argued this. A CRM simply fuels the numbers game. Sure, you can throw an incredible amount of money at your marketing, but you'll close more deals with proper follow-up delivered by good process.

Things like social media look-ups, inventory integration and DMS integration don't fuel the numbers game. They're nice to have, but that's all. We'll cover some of these items in the Reporting and Decision-Making parts of this paper. If you want to move the needle in your dealership through CRM, concentrate on playing the numbers game better. It should be your first priority.

Chapter 3: Marketing

While process is king when it comes to the benefits of your CRM, marketing is still a big piece of the pie. Every email sent, voicemail left, and phone call connected can be viewed as a marketing impression. Hopefully these one-to-one encounters leave a big impression on your customer.

A good CRM will include a history of the communications your dealership has made with a customer, and a really good CRM will also archive the marketing materials you've sent directly to each individual customer from within the system.

Email marketing is a very effective channel, but it's easy to abuse. You don't want to become known as a spammer.

It's safe to say that email broadcasting has become a standard feature of the larger CRM solutions available to car dealers. Email marketing is a very effective channel, but it's easy to abuse. You don't want to become known as a spammer.

If your CRM does have the ability to send an email broadcast, you'll want to consider:

- How do you build the email?
- Does it give you some sort of spam score or a "likelihood of deliverability" score?
- How deep can you target? Make > Model > Email address type > bought car within X months, years > Service R.O. closed within X time period, etc.
- Can you exclude customers who already received an email within the last X days?
- Do you know if emails were actually delivered?

Targeted marketing is the key to a successful email blast, so you want to be sure you have that capability within your CRM. Usually, it's a simple drill-down that's done through an advanced search feature. A few CRMs try to automate this for you – which is great, if it works – but you'll want to pay more attention to your own ability to create a drill-down list of customers during your demo. There's really no way to tell if the automatic list creation features shown in a demo will work for you until you've got your own database plugged into the system.

If your CRM has the ability to export a list of customers, you'll want to consider:

- How do you create the export list?
- Will the CRM show that a particular customer was included in a list export within the customer's history?
- Can you title or create a description for the list so you can remember it when you refer back to the customer's history?
- Can you limit who is able to do an export to prevent theft of your database?

Why would you want the capability to export a list of customers? There might be times when you'll want to send a targeted mailer or possibly include a call center.

> You should keep in mind that the ability to export a list of customers from your database shouldn't be something that all of your users can do. As we all know, dealerships have high employee turnover, and you don't want a disgruntled employee walking out the door with a list of your hard-earned customers in hand (not to mention the potential legal issues this creates).

Internet Protocol (IP) address is a unique string of numbers separated by periods that identifies each computer attached to the Internet. In common terms it's a person's online address—an identifier.

Behavioral targeting is the practice of targeting and serving ads to groups of users who exhibit similarities in their location, gender or age, and how they act and react in their online environment.

If your CRM has the ability to search for a group of customers for your agents to call, you'll want to consider:

- How does the search functionality work?
- Will the returned searches stay on the screen while the calls are being made?

If you've sold cars or have been a manager in a dealership, you've probably been instructed to make some last-minute, end-of-the-month calls because you're a hair short of your objective. A CRM can help you quickly identify the customers you need to call to make sure you're turning over every rock to hit your objective.

What the Future Holds for Targeted Marketing and CRMs

There's a lot of cool marketing stuff you can do when you're working with only one customer at a time, or when you make your customer believe that your advertisement is exclusive to him or her. I predict the future of CRM will share a lot with dealership websites. Some of this has already started, and will continue to get better with time. For starters, imagine being able to classify a demographic of IP addresses based on what we know about a group of people in the CRM. When those IP addresses hit your website, the message on the website can be modified to cater to that demographic, or maybe even just targeted to specific individuals. I'm sure you've heard of behavioral targeting and this is where you begin to include this kind of targeting on your own properties (outside of your website, it gets expensive).

Targeting is the future of marketing. If you're blasting your entire database with the same email or newsletter, stop! You should be asking your current or future CRM provider how to better target specific parts of your database.

EXAMPLE

When I worked on the dealership side, I received a call from my Honda GM asking for ways to find more used Odyssey's. His inventory was getting low and demand was rising.

Using the CRM, I created a list of current Odyssey owners who had bought from us within the last 28-36 months and were not on a loan. I came up with a list of 35 who were still opted-in for email marketing with us. I sent a very simple email stating we wanted their Odyssey back. Not only would we give them extra for their trade, we'd also give them extra pricing assistance on their next car (of course, this was all worded in non-car-speak-English so the customer could understand it).

Out of 35 people, half responded and we were able to put deals together on 11 of them. That's a 31% return on roughly 30 minutes of my labor—the usual return hovers around 2%. Sure beats the heck out of your last mailer's ROI doesn't it?

Tomorrow, targeting will be fluid across all mediums and your CRM will be the hub. Today, it's available via email, snail mail and phone call prompts for your staff (which is the most effective route when done properly). Be sure to ask your CRM provider what's planned for tomorrow to aid your targeted marketing efforts.

Inventory Merchandising

With the move toward better inventory merchandising, we should see more synergy between inventory and CRM down the road. A stand-alone inventory management system typically does not show how many customers viewed or touched a specific car. Without this data it's hard to know whether you're stocking the right cars, pricing them right, or setting them up appropriately to compete on the Internet. I know this item traverses decision-making, but it is something that helps with your marketing efforts too. I wouldn't call this a critical piece for your CRM, but it is definitely another "nice-to-have."

82%

of customers, if asked, will "like" a dealership.*

**Source: The Rise of Loyalty, Advocacy & Influence*

dealer.com/auto-purchase-cycle.htm

Social Media

Social media has the elements of a marketing channel, but it's more than that. It's really a communication channel. It's best used for individual targeted marketing when – and only if – a customer has granted you permission to do so.

I know social media is still young, but today it looks like less than 1% of a dealer's customer base is agreeing to communicate with them through Facebook or Twitter. Dealer.com has found that this can easily be much higher if a dealer just asks.

A CRM is your gateway into targeted marketing, and targeted marketing is the future.

What is social media? Simply the ability to have reciprocative communication with many people at once.

If you are very good at social media, and have the proper permissions from your customer, then don't abuse that by marketing on these channels. You can do that on your own dealership pages/properties. If you have permission to connect and communicate with someone via social media, it's no different from calling them on the phone or sending them an email. If the content of all your communications veers from a personal message into something that feels like a mass communication or mass advertisement, you won't have any followers or friends in the social sphere for long.

CRM is a good place to connect social media best practices because it is all about doing direct communication with a consumer. In 2012, we are on the cusp of seeing new ways to involve social media as other industries create "social CRMs" and companies like Facebook offer more commercial products. When speaking with your CRM vendor ask what plans they have for social.

Up until now, marketing has taken a bit of a backseat within most automotive CRM systems. We definitely see it becoming a much bigger force in the CRM feature-set, as broad marketing becomes more of a branding/impression solution and targeted marketing is where conversion happens.

CRM process, as discussed in the second chapter, is still the number one priority of a CRM system. You need to have the processes in place in order to close on what the marketing brings in. If you're smart, and your CRM system allows for it, you can build marketing pieces right into your process.

CRMs play a bigger marketing role in the next chapter, but if there's one thing I hope you take away here, it's this: A CRM is your gateway into targeted marketing, and targeted marketing is the future.

Social Media and Consumer Insights

If used correctly, your people can use social media to do a little detective work and get smarter about customers. With a social media look-up feature, anyone can check the public sites to learn a little about a customer.

If you're unfamiliar with this, here's an example: once a customer's email address has been obtained, you can search social media channels (Twitter, LinkedIn, Facebook, etc.) to see if there are any accounts tied to that email address. Some of the more sophisticated CRM tools have this functionality right at the customer-details screen.

> If your customer was Alex Snyder you could find out that I'm into photography, surfing, snowboarding, and sporty cars. With the last bit of information, you'd know to tailor your approach towards the car's performance as I really don't care about the number of airbags in a car. That's a good insight to have if you're responding to my Internet lead request.

But it’s also a fine line to walk, as consumers seem resistant to marketing through social channels. It might be seen as “big brothering,” and an invasion of their privacy. If your CRM has this feature, be very careful on how you train your employees to use it.

The other problem is that the success rate of a social media look-up is far from 100%. In fact, it’s low enough to actually deter some sales agents from ever using it. It’s a nice feature to have, but not essential. Social media can be a fine line to walk. If you leverage your knowledge of a given customer by looking at their presence on various social media outlets, you can start to make better decisions—how to approach them, what might make them buy, and how to make the most of their loyalty. The possibilities are tremendous. But as I said, it’s a fine line: too much and you quickly become a prying big brother. If a customer feels like their privacy has been violated, you’re out of the game.

Obviously, the low-hanging fruit of social media is getting people to like/friend/follow you. According to a recent study by Dealer.com, DriverSide and GfK Automotive Research, 82% of people will like a dealer if you ask them to. Once they’ve taken that step, consumers are more open to other communications from a dealer, and not just on social media channels. It’s the first step in the relationship, so make sure you’re asking for the ‘like,’ while you’re also pursuing the sale.

Chapter 4: Decision Making & Reporting

Sure, process is the core of a successful CRM system, but the reporting and decision-making aspects are where things start to get interesting. They are what fuel the tweaking and accountability of the processes. They complement one another, especially when they're both done right and someone is overseeing everything. Unfortunately, variables such as faulty reports, lack of comprehension, and data corruption (duplicates, bad ad sources, etc.) can plague the accuracy of CRM reports.

Decision-making also complements the marketing end of the CRM, and if you truly understand the reports the CRM generates, you can use them as good indicators of your other marketing efforts.

Despite its value, reporting often seems to be the last thing ever considered by some CRM vendors, which is a shame because many forward-thinking dealers have come to rely on it heavily.

What to Look for in Process Reports

This is the toughest part to evaluate in a demo because it really is difficult to gauge accuracy without using your own data. Your best bet is to make sure the data points you want to measure are available and then call a reference dealer to see if they've been happy with the reporting accuracy.

As I've established, dealerships should be concentrating on making sure the sales floor is using the CRM to contact as many customers as possible, so the first thing to consider is whether the reporting suite includes reports that cover utilization. This should include:

- How many phone calls are being made?
- How many phone calls are being received?
- How many emails are being sent?
- How many emails are being responded to?
- How many appointments are being scheduled?
- How many appointments are being confirmed?
- How many appointments are showing?

When looking at these types of process-driven statistics, you'll need to apply some gut logic and basic math in order to hold your people accountable.

One could fill a whole book with things to look for in CRM utilization reports, yet experience tells us that three points of responsibil-ity are about all the average person can handle per technology.

EXAMPLE

Look at a report that shows the number of customers entered into the CRM system within a certain date range. (A good CRM will have a report that shows this particular traffic breakdown.) Internet leads are fairly straightforward, but phone calls and floor-ups aren't always logged. So how do you apply a check-and-balance approach to your staff's potential cherry-picking?

Assuming the system has traffic-tracking reports, you can calculate some reverse math. If you sold 200 cars and know that your typical closing rate is 20% on traffic coming into your showroom, then your reporting should show 1,000 customers as having touched the showroom. Plug this into your calculator: 200 ÷ .20 = 1000. If your CRM already computes this for you, fantastic. If not, you can do some manual math to quickly make some discoveries.

In my experience...

More than 8 tasks per day can sour a sales agent's perspective of CRM. A good manager can get his whole staff up to 15 calls per day.

The main goal is to ensure the CRM's reporting is adequate enough to give you the numbers you need to gain such insights.

One could fill a whole book with things to look for in CRM utilization reports, yet experience tells us that three points of responsibility are about all the average person can handle per technology. The best idea is to determine three utilization points that you're going to turn into gospel and then make sure your CRM is capable of keeping you informed as to whether your people are living up to those points.

If you haven't thought about this yet, here are three starter things you can hold your sales people accountable for through the CRM:

1. How many customers are they entering? (Check their work with the closing ratio equation in the previous example.)
2. Are they capturing specific data points like email address, cell phone and an advertising source?
3. How many calls are they making per day? (They should make at least eight per day.) This should eventually work in conjunction with the number of appointments created per day.

Service is a used car department's biggest vendor. (Ever think about it that way?) Through recondition-ing and PDIs, a lot of money gets paid to fixed operations. In retrospect, the sales department is the service department's biggest customer.

Drive-by, Walk-in, Phone-up, and Internet are ways customers come to your store. These are channels; not advertising sources.

What to Look for in Marketing Reports

Obviously you want to be sure you have tracking on the marketing communications that are sent from your CRM, but you also want to be able to monitor traffic changes based on external campaigns. With that said, you cannot expect to hold your CRM system accountable for your marketing efforts outside the CRM, but you should pay attention to your traffic reports within the CRM around those campaigns. You also need to hold your staff accountable for logging all those customers into the system.

It isn't all about floor traffic anymore, so be sure the CRM can at least track phone-ups and Internet leads, along with floor traffic.

Another fantastic tracking benefit is being able to view service traffic, so you're able to gauge the effects of your fixed operations marketing. Service seems to be an area that most dealers don't want to put the money or effort into, but if you are interested in it (and you should be) there are some good ideas to follow when considering your CRM.

Service is a used car department's biggest vendor. (Ever think about it that way?) Through reconditioning and PDIs, a lot of money gets paid to fixed operations. In retrospect, the sales department is the service department's biggest customer. Service also has most of sales' old customers and can be a major influence on whether they are repeat sales customers. There sure are a lot of potential trade-ins in those service lanes. Does your CRM help you capitalize on those? If it does, how does the CRM help the service department keep those lanes filled so you have more trades to choose from?

Tracking the traffic sources is a basic reporting feature of a CRM. You need to see where your customers are coming from to better lay a finger on which advertising sources are fueling your traffic counts. You'll also need to guard against your sales agents ruining your reports by selecting 'drive-by' as an ad source.

When looking at the reports, you'll want to be able to see:

- The name of the advertising or lead source
- How many customers were entered into the system from a given source
- How many customers actually bought cars from those sources
- Costs of those sources
- Profit and sales from those sources

As I mentioned, these are basic stats. They can also be corrupted by anyone manually entering customers into the CRM. As a leader, you can put an end to this by holding your people accountable and making sure your CRM gives them good choices for ad sources.

Reporting is an absolutely essential piece of a good CRM. On a basic level, the job of your CRM is to manage customer entry and follow-up by your customer-facing staff. On a richer level, reporting will show you how well your people are doing their jobs; sophisticated CRMs can take you very deep into this area.

When you're looking at a demo, watch how the CRM sales representative talks about reporting: If it isn't brought-up, or if he or she just says, "What reporting do you want to see?" you should be leery.

On a final note, it's really a matter of personal preference for what reporting items you want to see beyond what's been listed here. It's best to develop a list of your needs before diving deeply into a reporting demo and then consider how well a CRM delivers on those.

More Decision-Making Tools

Pencil Tool

At the end of the day, a pencil tool's job is to put printed numbers on paper.

Pencil tools come in all shapes and sizes. Some have baked-in calculators while others are full-on DMS-pushing, APR-pulling, gross-reporting beasts. A lot of them are over engineered nightmares.

At the end of the day, a pencil tool's job is to put printed numbers on paper.

It's not uncommon for dealerships to believe the job can't get done unless you see all the rates or sacrifice an extra ten minutes to manually put a deal into the DMS. It's not that those aren't important, but remember that the purpose of a pencil tool is to create a psychological effect with the customer. A dealer's old handwritten worksheet promoted negotiation; a printed worksheet looks more official, and reduces the likelihood of haggling. The difference between presenting a four square versus a payment matrix and saying, "Please choose one, Mr. Customer," can create some massive gross differences per vehicle retailed.

There are plenty of sales managers who won't agree with equating a pencil tool to simply being a worksheet printer, but let's face it, what is it REALLY supposed to do? Pushing the envelope further, a pencil tool should also track and measure the differences in write-backs. If the CRM has a reporting area, it should be utilized by the GSM or GM to measure how well sales managers are handling negotiations.

Inventory

Most CRMs integrate with your inventory in one way or another. Some go so far as to be your actual inventory tool. When considering the inventory function of your CRM, here are some things to consider:

- How many customers looked at specific vehicles?
- How many customers looked at certain vehicle types (body styles, etc.)?
- Which ad sources spurred interest on which vehicles?

Unfortunately inventory is another area of reporting that can be skewed by your staff. Many sales agents and BDC agents only enter one vehicle of interest per customer. In the case of sales agents, it's typically the car the customer is going to negotiate on or actually buy. You'll rarely find out what other vehicles were considered or test-driven. But you will at least have a good picture of what's selling or is likely to sell. The combination of websites and CRM can shed a little better light on the popularity of your inventory though. Internet leads from your website come with a click path to show every page the customer clicked on, including every vehicle. There is an incredible amount of insight to be gained from this kind of visibility.

Appraisals

There was a CRM system that I used in the late 90s and early 2000s that could show the entire staff which vehicles were entered as trade-ins. Most important, it showed which vehicles were offered as trades that didn't actually get traded in. I was a sales agent at the time and absolutely loved this feature because it was like having a virtual used-car factory. Back then, the Internet wasn't widely used, so we had a lot of people walking in asking for specific used cars that we didn't have in stock. Being able to pull that list up, with the customer in tow, created a lot more sales that I wouldn't have made otherwise. It's not a deal breaker, but it's a great feature to have.

Utilization of the CRM by your staff is key, and that's the type of reporting you should look to achieve.

The ability to look at a list of potential trade-ins can also aid your wholesale department. Today there are inventory merchandising tools that can send an appraisal notification to a used car buyer, so wholesalers don't have to watch the appraisal sheets anymore. However, there is a trend among CRM developers to integrate more closely with inventory, so be sure to get a thorough look at what your next CRM can do for you in the stocking department.

Like the pencil tool, an appraisal tool also helps maintain a level of accountability. Of course, it's nice to steal a trade, but if you lowball every customer, you won't make as many sales. If sales managers are paid on gross (including wholesale loss), it can sometimes be in their best interest to put a low ACV (Actual Cash Value) on trades. If the appraisal tool tracks appraisal values, a GSM or GM can compare those values to book values to make sure trade values are being optimized.

There are more things to consider, but hopefully this gets you thinking about some more options for your next CRM demo. If you take one thing away from this decision-making and reporting section, it's that utilization of the CRM by your staff is key, and that's the type of reporting you should look to achieve.

CRM decision-making transcends technology. It requires understanding the reports in order to get more cars over the curb.

On a side note, if you have a PHD (Papa Has Dealership) or are trying to get your heir better acquainted with your business, a CRM offers the most opportunities for learning. Nothing made me more in-tune with dealerships than owning the CRM system. It was my best career move to date.

Chapter 5: Marrying a CRM with Your Dealership

A CRM is an incredibly powerful piece of technology, and I've spent a lot of ink so far in talking about what you should expect from a good system. That said, the success or failure of a CRM doesn't lie solely with the tech company that developed it. The best CRM in the world can be undermined by a poor foundation. And that foundation is your dealership—how it behaves, how expectations are set, and how a dealership's leaders make the most of the system.

Buying a CRM is a very personal experience. The goal of this paper was not to give you an exact list of features to ask about in your CRM demos. If you asked a hundred different dealers to create a list of must have features, each one would be different.

As someone deciding on which CRM system to partner with, or as someone who controls the output of CRM (a CRM Architect) in your dealership, you should keep in mind that your audience is the person who speaks to customers regularly, the front line (your sales agents, BDC agents, and/or Internet Manager). And unfortunately, while the front line is typically the least interested in your business, they really need to be considered above all others when you make your CRM choice. They have the ability to make or break your business, and your CRM.

I'd argue that CRM decisions should really be based on usability above costs because a CRM can move the needle more than any other technology.

Managers are busy. When it comes to CRM, you want your managers to interact with the system quickly and be able to make decisions with a glance at the system. Don't let your sales manager create a CRM rebellion solely because the pencil tool doesn't push to the DMS or pull in rates. The pencil tool, as great as it truly is when properly defined, is not CRM. CRM is maintaining and organizing a database that allows for good follow up. Your sales managers should be a major part of that.

Executives and decision-makers have mostly been left out of the CRM conversation so far, but because of the costs involved, they're usually the ones to pull the trigger on buying a given system. To them, I'd argue that CRM decisions should really be based on usability above costs because a CRM can move the needle more than any other technology. If you'll spend up to a year deliberating on a DMS provider, then your CRM should be the second biggest decision; it's not enough to sit through a two-hour demo to make the right call.

From experience, here are six other factors that can make or break a CRM at a dealership. It's wise to consider these as they relate to your dealership.

1. CRM Rebellions

If you've read this far, there's a good chance that you and/or your staff are fed up with your current CRM provider. CRM rebellions are not uncommon and are often a sign of weakness. This weakness is either on the part of the vendor or the dealer; most of the time it is a combination of both.

> Good technologies solve problems, but things can go sideways when they don't solve your particular problems or they don't innovate to keep up with your advancing abilities.

What is a CRM Rebellion?

They usually begin when staff is not bought into a CRM or leadership has not set the proper expectations. Instead of using the CRM to appropriately follow-up with customers they solely use it based on what is required of them (usually simply printing paperwork for a car deal). Then complaints about the difficult usage of the system become louder and louder until the only choice an executive can make is to replace the system; no matter how good or bad it is.

Good technologies solve problems, but things can go sideways when they don't solve your particular problems or they don't innovate to keep up with your advancing abilities.

A CRM rebellion is terrible. It does no good for anyone. We wouldn't be doing CRMs justice if this wasn't covered and defined, so make sure that any rebellions you encounter are for the right reasons.

2. Responsibilities of the CRM Provider

A CRM is a two-way street. Because of the depth it covers, your vendor is more of a partner than with any other technology you'll pay for. Your CRM provider needs to:

- Provide support to every user
- Take your feature requests seriously, and provide sound reasons when they aren't implemented
- Make the system available for use at least while you're open
- Avoid making unnecessary enhancements or system updates at month-end
- Provide training on how to use the CRM system

Those are basic items you should expect from any technology provider, but they're exponentially important when the technology is a requirement of doing everyday business.

3. Buy-In

Who ever thought those two little words could equate to such an enormous issue? Buy-in is a critical piece of a CRM, one that goes way beyond technology. Whose responsibility is buy-in when it comes to a CRM? As usual, buy-in starts at the top of a dealership, but it rarely comes from the president's level. The top, as it relates to CRM, is really the vice president or someone on the general manager level, depending on your dealership's organization. Sometimes buy-in is created by allowing users' input in the system. Give your people a voice and implement the things that make the most sense. As mentioned elsewhere, a CRM Architect can own the system and also really help people buy into it, getting the most out of your CRM investment.

4. Knowing What You Want

Because we experience chaos due to our focus on month-to-month gains over long-term planning, we struggle to know what we want. It often changes after every month-end close out. Unfortunately, CRM setup and tweaking require good vision. It may be worth your time to hire a consultant who can help you figure this out.

Since I stepped out of the dealership world, I've met many people from larger dealer groups who can afford to hire consultants from outside the automotive industry. These "outside" people bring vision beyond the 31st of the month, even though they might not know the full language of a dealership. Their fresh perspective really helps these smart groups plan for the future. A consultant can help you see a clearer picture of yourself.

If your budget doesn't allow for placing a wanted ad in Palo Alto, you have to step outside yourself to do an honest and thorough self-assessment. It's tough, but it's also the only way to understand who you are now and how to achieve your goals for the future.

If changing the pay plan is too much to swallow, you can always fire someone. It might seem harsh, but anyone who's not taking your CRM investment seriously is negat-ing that investment. Sometimes an example must be made.

5. Tying Compensation to the CRM

Are your pay plans still based solely on volume and gross? Have they changed at all in the last ten years? If not, your money-driven employees are not going to see the true value of the CRM. Money speaks; change their pay plans to focus on playing the numbers game. Change the pay to garner appointments. Change the pay to drive more phone calls and cleaner data entry. In other words, create a modern pay plan that lives up to the way dealers operate today.

If changing the pay plan is too much to swallow, you can always fire someone. It might seem harsh, but anyone who's not taking your CRM investment seriously is negating that investment. Sometimes an example must be made.

6. Costs and Monthly Expenses

A good CRM is expensive. The old saying, "You get what you pay for," definitely applies. A good CRM starts around $1,500 per store, per month and they go up from there.

How much do you pay for your DMS and all the things that go into that animal? How much do you pay for your advertising? I bet those costs are enough to make you pay close attention to how well they're running. I'm not suggesting you drain the bank account for a CRM, but sometimes the best buy-in occurs where the costs are highest. If you're teetering on a CRM system because of costs, strongly consider what a big CRM investment can bring to the table with full buy-in.

With a proper process that promotes playing the numbers game, some smart tweaking of pay plans, and a CRM partner that fits your needs, CRM is the greatest thing since sliced bread.

Chapter 6: The Final Word

The biggest thing to remember when judging a demo and buying a CRM is to avoid getting distracted by the shiny bells and whistles, and instead focus on the core elements. At the end of the day, the features and screens that your people will use day in and day out are where you should judge a demo and a system. Everything else is just window dressing; the bells and whistles might be nice if they work but they won't make or break your CRM. How readily it gets adopted by your staff, how useful it is to your managers and how much it ultimately moves the needle for your business is what matters.

Ironically, there are many parallels between buying a car from a dealership and buying a CRM through the demo process. Again, it's about measuring the most important functions and inputs, and relegating the flashy features to a tertiary consideration. Heated seats are nice in a car, and so is the latest integrated Bluetooth system, but they're not going to get you and your family safely from point A to point B.

And like any good car salesman, a CRM rep is going to make noise about the flashy features. It's your job to push past that stuff and keep core functionality at the center of the conversation. How comfortable are the seats? Can you angle the steering wheel to position yourself in the right driving position? Is there legroom for rear passengers? These are things that make or break the long-term driving experience for your customers. CRM works the same way for you and your staff.

As an executive, you can't forget that it's really all about how easy it is for your sales people to use the system – to use it regularly and consistently, to use it to connect with new customers and communicate with them regularly and appropriately. Pretend you're buying a car for your 18-year-old daughter: Is it safe? Is it reliable? At the end of the day, it doesn't really matter how cool she thinks the car is if it doesn't perform its core function.

You've got to keep your managers front-and-center in your deliberations too. What kind of visibility will they have in the system? Do they have to dig and scrounge for information, or is it easy for them to see exactly what they need whenever they need it? Is their view all-encompassing, or just a dump of names and data on the screen?

Visibility for Dealer Groups

If you run a dealership group, a CRM can either enhance and refine your efforts, or it can cloud the picture if it doesn't offer you the right insight.

Say you have a customer who visits your Toyota operation and looks at a Camry. Your sales agent enters them into the CRM just as you've trained them to. Then the customer drives across town to your Honda dealership and checks out an Accord. The sales team there enters them into the CRM too. So is this one customer, or two?

A good CRM will let you see someone cross-shopping multiple dealerships as a single customer entered into the system. A less-than-ideal CRM will show them as separate customers, thus skewing your holistic view and potentially opening the door to them being spammed by your marketing efforts. Make sure your CRM will give you the functionality and visibility to see across all of the brands in your group and keep everyone on the same page.

The Future

Combining Digital Visibility with Operations Management

One of the interesting things to consider is the marriage of CRM and your website. When you bring your most forward-facing asset, your website, and join it with the backbone of your operation, your CRM, you can truly start to leverage them both together and get a better return on your investments.

Knowing what conversion means from the first click on your digital property to the moment a customer drives over the curb on your physical property is the definition of full visibility.

An example is seeing what works on Google for both paid and organic search and advertising and how those translate into sales ROI. Ultimately, when all are in synch, you've got a better shot at providing a fuller customer experience and that makes consistent ROI.

Knowing what inventory draws a customer to your dealership and what car they actually drive away with tells you the value of your merchandising and also helps you realize the value of your staff's selling expertise.

Technology is much smarter today. Connecting the different pieces makes you that much smarter. Start pairing the right technologies to help you understand the complete picture and partner with those technology providers who can help you understand the whole story.

The point is, the right CRM has the ability to continually help your dealership get smarter about who it approaches, how it approaches them, and what to do with them after you sell them a car. It'll make you smarter and show you things about your business that you never ever realized. And it can turn your staff into a force multiplier and a game changer, with you reaping the rewards at the end of the day.