

FORGET

SPRING BREAK,

THIS YEAR IT'S COMPLIANCE OR BUST!



□ Compliance.

It's an interesting word.

Every dealer I talk to wants to be compliant but isn't sure how to get there. Worse yet, if you read all of the articles written about it you get the impression it is either impossible or cost prohibitive to achieve in the auto industry. Both of these impressions are wrong.

Developing an effective compliance program for your dealership is easier if you understand what "compliance" means to you. Compliance is having your dealership's paperwork, practices and procedures all in accordance with the law. Remember that compliance is an ongoing process that must be constantly monitored and managed – from the top down!

How can you improve dealership compliance and avoid problems before they happen, while increasing customer satisfaction and overall dealership profitability at the same time? It can be done. Here are a few things to consider:

1. Make Problem Avoidance and Problem Resolution a Priority

- Take action to prevent problems and make problem resolution a priority.
- Always look at the entire car deal - not just the potential problem.
- Consider all options before taking action (remember, doing nothing is taking action).
- Review your insurance coverage and relevant third party contracts.
- Use advisors who understand the business.
- A word of advice: "You never have a problem until you do!"

2. Have a Plan for Your Business

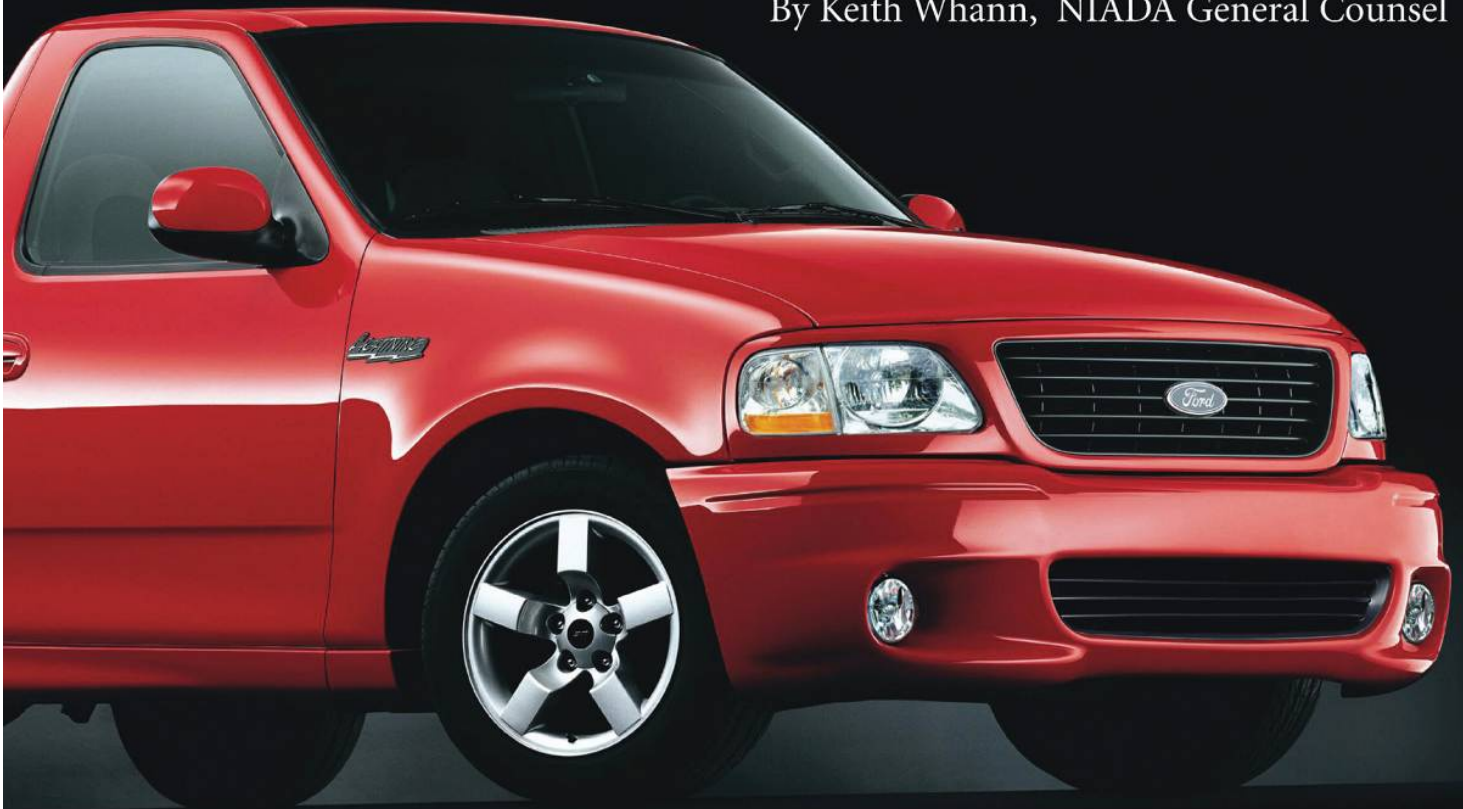
- Growing or maintaining the status quo?
- Traditional retail, nonprime, buy here - pay here or related finance company financing?
- Is the Service Department for internal work or customer pay work?
- Remember: "The problem with aiming at the wrong target is that sometimes you actually hit it!"

3. Conduct a "Walk-Thru" Of Your Dealership

- Start at the front door and don't forget there is a back door too.
- Some of the things to look at are obvious (dealership licensing, paperwork and FTC Stickers) and some of the things are not (wastebaskets, copies and computers).

4. Review Dealership Paperwork Annually and Whenever Changes in Your Business Occur

- You should have your paperwork reviewed and, as necessary, updated on a yearly basis.
- Pay attention to not only legal and regulatory activity, but industry developments and changes in how you conduct business (can anyone say Internet?).
- You should limit who has authority to revise the paperwork and have procedures in place to ensure that employees do not use paperwork brought in from outside sources, such as the last dealership where they worked.



5. Understand F&I as Well as You Possibly Can

- Establish solid relationships with your lenders.
- Know about the products and services you offer, be able to explain them and answer questions and be sure to actually sell them to the consumer.
- Terms like finance reserve, GAP, warranties, service contracts and satisfaction guarantees are not just words, they have a specific meaning.
- Menu-selling may be good, but an F&I Purchase Confirmation is even better.
- Remember it's the customer's decision and be sure to document what they decide.
- An old consumer adage applies here: "If it sounds too good to be true, it probably is!"

6. Audit Completed Deals on a Quarterly Basis

- Make sure the right paperwork is being used all of the time and is completed properly.
- Check to be sure that automated systems are functioning properly.

- Do modifications need to be made to accommodate any changes in your business plan, the law or the industry to keep you current?
- Are there any gaps in your deal or areas of misunderstanding where training is needed?

7. Have an Effective Advertising Strategy

- Be familiar with the Federal and State Laws that regulate automobile advertising.
- Review advertisement proofs for compliance with these Laws.
- Know what advertisement is going to run where and when.
- Make sure all material limitations or exclusions to offers are stated in a clear and conspicuous manner and, remember that direct mailers and telephone solicitations are different and can raise a whole host of other issues.
- A quick thought: "A statutorily imposed duty cannot be delegated to a third party."

8. Know What the Internet Is and What Activity You Are Doing There

- Whether it is your own website or a third parties' website, whenever you think of conducting business on the Internet, always ask yourself:
- What am I doing? Where am I doing it? How am I doing it? Who am I doing it with?

9. Read All Contracts Before Signing Them and Know What They Say

- Make sure you have a copy of the dealer agreement for each lender and service provider with whom your dealership does business.

10. Build a Team

- Invest in yourself and your employees: Stay current, and train your employees well! Use advisors, trainers and consultants that understand the business. Your work in the compliance area is never done.

continued on page 39

GUARANTEED TO INCREASE YOUR TRAFFIC



Car-O-Sell

**ROTATING AUTO,
TRUCK & SUV
DISPLAYS**

OR WE'LL BUY IT BACK!
Manufacturer Direct: www.car-o-sell.com
866-337-SPIN 615-847-3700

GPS Delinquency Management Solutions
 Recover Delinquent Vehicles
 24/7/365

"ENVIRONMENTALLY GREEN"

**"If you want your car found,
install the BLOODHOUND."**

ZERO-AIR TIME
 NO MONTHLY FEES
 FREIGHT FREE SHIPPING
 GEO FENCING
 PLUG N PLAY CONNECTOR
 NO REACTIVATION FEE
 TRANSFERRABLE BETWEEN VEHICLES

BLOODHOUND

www.bloodhoundtracker.com
1-888-469-8722

TRACKER SYSTEMS

SOLUTION IN A BOTTLE

FHS: Your One Stop For Automotive Solutions

No more problems from:

- | | | |
|-----------------|----------------|--------------------------|
| Leaks | Dry Starts | Broken head gaskets |
| Sticky lifters | Cracked blocks | Stiffness, wear, chatter |
| Dirty oil lines | Oil burn | Slippage in transmission |



NEW!
ASK ABOUT PROMOTIONS



FHS Supply now offers products that would seal leaks in any fluid systems, free sticky lifters, clean oil lines, seal head gaskets and cracked blocks, stops slippage in automatic transmissions, prevents dry starts and wear and solves many common problems quickly and efficiently.

NEW PRODUCTS = GREAT RESULTS
as good as

FHS SMOKELESS MOTOR OIL

Simple Oil Change: Stops oil smoking, reduces emissions.

No expensive repair job for cars, trucks, vans, SUV's

Consumer proven oil that makes vehicles easier-to- sell. Over 35 years of performances lubrication technology

Manufactured - Distributed by FHS Supply Inc. **1.800.742.8484**

P.O. Box 9 Tel: 803.222.7488 Web: <http://members.aol.com/FHSoil>
 Clover, SC 29710 - 0009 Fax: 803.222.7285 Email: FHSoil@aol.com

All major credit cards or UPS COD. Ask about our special promotions! Volume discounts available.

continued from page 37

Okay, now you are back to thinking that accomplishing this must be very complicated, time consuming and expensive, right? It doesn't have to be. In fact, you can do a great deal of it yourself provided you know what to look for and where. Need a little help getting started? Check out these websites:

www.KeithWhann.com -

the Toolbox, Problem Solved! and Car Counselor sections. Take your time going over the article *Take A Good Look At Your Dealership: Do You See What I See?*

www.NIADA.tv -

video and audio presentations on a wide range of topics. Be sure to watch the segments from the *NIADA Dealership Compliance and Profitability Expo and the 2007 NIADA Annual Convention* and visit the Compliance and Legal & Regulatory sections.

www.NIADA.com -

various articles on related subjects in *Used Car Dealer Magazine*.

www.IndependentDealer.com -

information on this topic and related subjects along with links to regulatory agencies.

Some say compliance is impossible. It's not. Others say it costs a fortune. It doesn't. You can develop an effective compliance program for your dealership that will not only solve problems before they happen and prevent problems from happening, but will also help increase dealership profitability and customer satisfaction. You have to take the first step and remember that there's no time like the present!

