

Who Says Compliance Can't Be Easy?

Go ahead. Take a good look at your dealership. It appears to be in good shape, but you know there are compliance problems. You just don't know where. If only you could see what I see? What do you think it looks like from my perspective?

First of all, you need to understand what "compliance" means to me. Compliance is having your dealership's paperwork, practices, policies and procedures all in accordance with the law. 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. If it were up to me, I would start with the following:

1. Make Problem Avoidance And Problem Resolution A Priority

Take action to prevent problems. Make problem resolution a priority and designate a point person, if necessary. When an issue arises, look at the entire deal - not just the potential problem. Review your insurance coverage. Check relevant third party contracts. Consider all options before taking action (remember, doing nothing is taking action). Use advisors who understand your business and the industry.



2. Have A Plan For Your Business

This should speak for itself. For example, there are differences between a sale and a lease; a new vehicle and a used vehicle transaction; engaging in traditional retail, subprime or buy here - pay here financing and using a paper or electronic F&I menu. Establish a plan and everyone knows what the target is for the dealership. When you don't, employees aim at the wrong target. "The problem with aiming at the wrong target is, sometimes you actually hit it!"

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

Start at the front door, but remember there is a back door too. Some of the things to look at are obvious (dealership licensing and paperwork issues, Monroney and FTC Stickers on vehicles) and some of the things are not (nonpublic customer information in wastebaskets, on copiers and computers).

4. Review Deal Documents Annually And When Changes In Your Business Occur

Dealers should review their deal documents and, as necessary, update it at least on a yearly basis. Pay attention to not only legal and regulatory activity, but industry developments and changes in how you conduct business. Having a relationship with a vendor who stays up to date and can keep you apprised of compliance issues as they develop will help streamline this process. You should limit who has authority to revise the deal documents and have procedures in place to ensure that employees do not use documents brought in from outside sources, such as the last Dealership where they worked.

5. Fine Tune The F&I Process As Much As Possible

Establish solid relationships with your lenders. Make sure employees know about the products and services you offer and can explain them and answer questions and be sure they 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 some form of F&I Purchase Confirmation with it is even better.

6. Audit Completed Deals On A Quarterly Basis

Make sure the right deal documents are being used all of the time. Make sure the documents are 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 documents or areas of misunderstanding where additional 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. Remember, a statutorily imposed duty cannot be delegated to a third party. Know what advertisement is going to run where, and when. Material limitations or exclusions to offers must be stated in a clear and conspicuous manner. Direct mailers and telephone solicitations or follow up calls are different and can raise a whole host of other issues.

8. Know What Type Of Activity You Are Doing On The Internet

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? Then make sure you have the appropriate documents and disclosures to comply with the laws that apply.

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

Dealers should make sure they have reviewed and understand the requirements of every contract prior to signing. You should also retain an executed copy under the care of a custodian of all dealership contracts, especially the dealer agreement for each lender and service provider with whom the 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 ongoing, it is never done. Okay, now you have a glimpse of what I see when I look at your dealership. Your dealership is likely in pretty good shape, but likely there are various areas within the dealership that could use a closer look and a little fine-tuning. There are deal documents that need to be updated and policies and procedures that need to be developed or revised along with ways to improve customer satisfaction, prevent mistakes and solve existing dealership problems, not to mention many unanswered Internet questions. If these issues are attended to and appropriate action is taken, it will result in a more efficiently run and profitable dealership. Accomplishing this must be very complicated, time consuming and expensive, right? It doesn't have to be. In fact, you can do much of it yourself provided you know what to look for and where. If you want some help getting started, check out the compliance tools in the iComply Pro Compliance Section.

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