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Dealership Upgrades Necessary for Dealer Profitability

Recent newspaper articles have spotlighted the trend of dealers constructing new facilities and the amenities contained within. While most dealers do not need to have virtual golf, big screen plasma TV's or a cappuccino bar in their dealership (although these items could qualify for an immediate write-off), some relatively inexpensive upgrades are often necessary for dealers to achieve and maintain profitability.

Overall Facility

Dealers should take a critical look at the overall look and feel of their facility. Does it convey the impression you want your customers to have of your dealership? Is it a place where you would want to do business? Is it an inviting place for customers to shop? This usually means that the floors are clean and appear to have been maintained (no soiled carpets, cracked tiles, etc.). Walls need to be free of obvious marks and dated wall hangings. Replacing carpets and a fresh coat of paint are relatively inexpensive upgrades that can dramatically change the look and feel of your dealership. Sales desks should be neat and orderly with a minimal amount of personal items displayed. All areas should be well lit. The exterior of the building should be kept clean of any debris.

Service Waiting Area

For most customers, the service waiting area is where they spend the most time at your dealership. Dealers should challenge themselves to make this area as comfortable for their customers as possible. Monitor the flow of customers in your waiting area. Do they look comfortable sitting in the chairs provided? Do they have access to refreshments? Do you provide a quiet space where customers can work? Do you provide wireless internet access? Do you have a separate area for customers with children? Are restrooms adequately maintained?

Dealers need to remember that they are retailers and as such, must continually address the customer's needs. One only has to examine any department store or chain restaurant (McDonald's/Dunkin' Donuts) to see how they adapt their facilities to changing customer demands. You will often hear them refer to their customers as "guests." Is your facility a place that you would be proud to have guests in?

While current economic conditions may discourage a dealer from making facility improvements, these expenditures need to be viewed not as costs but as an investment, one that will pay future dividends, by creating an inviting environment for customers.

For more insights on the state of the dealer industry, e-mail Paul McGovern at pmcgovern@downeycocpa.com or call 781.849.3100.

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