



Leader in
Automotive Retail
Performance Management

White Paper

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A Balanced Approach to Automotive Retail Performance Management

Contact

idea7 Automotive
101, Building 6, Sector 3,
Millennium Business Park, Mahape
Navi Mumbai, India, 400 701
Ph: +91-22-6712 4900
Email: assist@idea7.net

Synopsis

This paper analyses various aspects of automotive retail performance management. It offers a framework for the OEMs to formulate the dealer development strategy. This paper argues that auto OEMs need to have a systemic view of their retail network and work simultaneously people aspects, process related improvements and make use of technology to generate efficiencies and facilitate control wherever possible.

Introduction

Automotive OEMs in India are bringing a never before focus on retail performance. Last five years have seen an unprecedented increase in the budgets for buying customer satisfaction reports and initiatives like dealer training. This is a phenomenon that can be seen across vehicle categories viz. four wheelers, two wheelers, commercial vehicles. This has also had an impact on other automotive products such as lubes, tyres etc.

A bullish environment created by sustained double digit market growth, high dealer profitability and the desire to connect with the customers are contributing to the willingness to invest in these initiatives. An in depth analysis of various retail performance initiatives across automotive OEMs in India brings following **challenges** to the front:

- There are very few dealer performance improvement initiatives that are driven by the overall business strategy.
- Dealer training, most of the times is seen as a stand alone activity and is generating poor ROI in terms of producing direct results.
- There is little focus on processes & technology which are as important drivers of retail performance as people.

- Most of the initiatives are either in experimentation mode or are driven by individual managers.

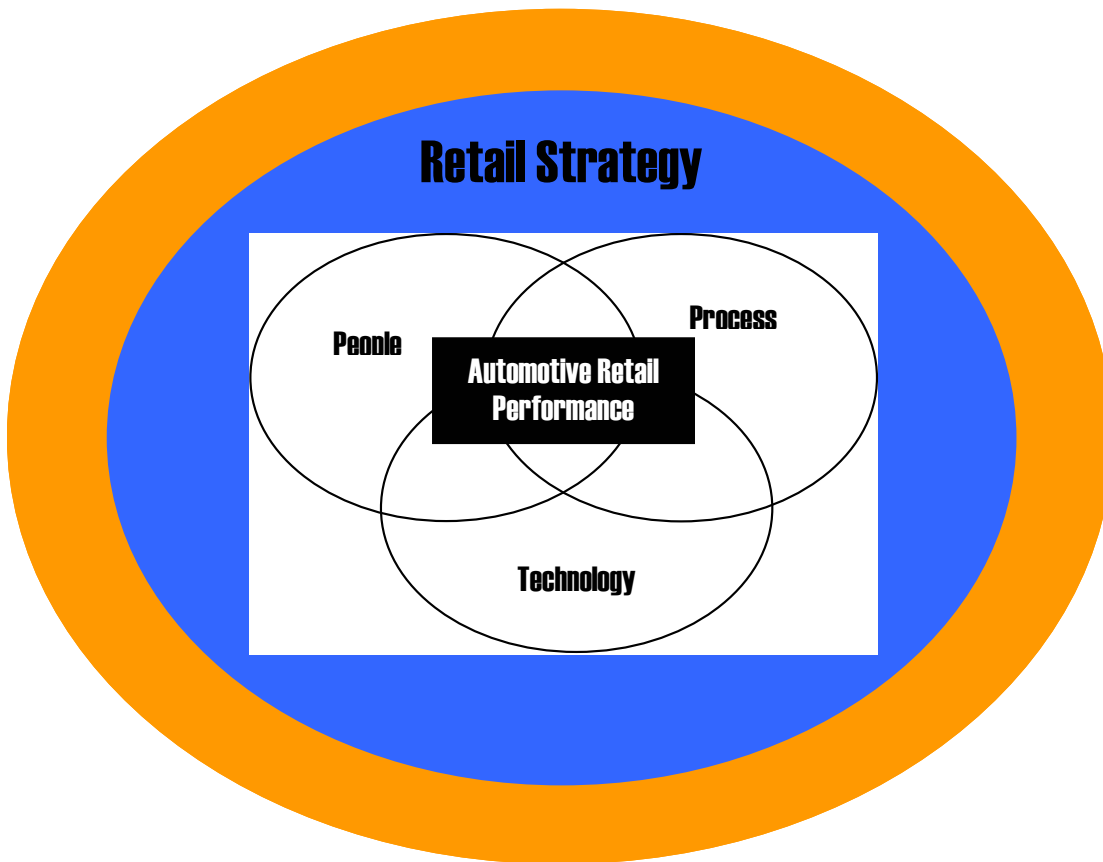
Impact of Challenges

Above issues not only result in the low return on investments made in the dealer performance improvement programs by the OEMs or the dealers themselves. It also creates some sort of cynicism in the system towards the value of future investments.

The Solution

Having the opportunity to observe and analyze the initiatives of many auto OEMs, we at idea7 have put together a framework for retail performance management. This model is based on an integrated approach covering people, process & technology. The same is described below:

Business Strategy



Key Principles/Guidelines

- Have clear vision and strategy for your retail channel and let it be emanating out of your overall business strategy.
- Have a long term approach. Decide where you want to reach in next five years and implement a focused and concerted plan to achieve the same. Do not get swayed by intermittent failures.
- Research and understand expectations of your customers especially the difference between "must haves" and "desirables". Focus on *must haves* first.
- Have measurable goals based on the milestones that you want to achieve as part of retail strategy.
- *Manage the store and not the score:* Do not run too much after managing the CSI/SSI scores. See them as a natural outcome of an efficient customer driven interface. Focus on building this interface, scores will automatically happen.

- Use technology to have real-time information flow from and control on retail channels. Use technology to also plan developmental initiatives.
- See your retail system quality as you see manufacturing quality. Have a similar process (SOPs) driven approach.

Running the Retail Performance Management Programs

Outsourcing has emerged as a viable alternative for managing most of the dealer training activities. However there is little that OEMs are able to implement through “training companies” in terms of overall retail strategy. Training companies focus on people and specific skill sets such as soft skills. They use their readymade modules to bring about changes in these areas. As a result, more often than not training initiatives do not deliver expected results. This also results in isolated training efforts and low return on investments.

Retail performance management is a larger area and needs simultaneous and integrated efforts in all directions and not just soft skills and communication. It is highly recommended that OEMs and dealerships work with a partner that has the capabilities to build overall performance improvement framework. Doing so involves other support systems such as SOPs and technology over and above training. A partner who can work simultaneously on all the initiatives and integrate them with each other in a seamless manner should be chosen to implement these initiatives.

Conclusion

Automotive OEMs/dealer can have a good return on investment on the investments

made in dealer improvements provided they work on a balanced approach involving people, process and technology and not just people alone. If these initiatives are implemented with the help of a partner agency, the choice should be made on the basis of capabilities to implement and integrate all the aspects.

About idea7 Automotive

Idea7 Automotive is a leading provider of auto retail solutions in India. It works with many leading automotive companies and assists them with training, consulting, technology & outsourcing services for retail business.

To know more about us visit www.idea7.net or write to us on assist@idea7.net.