IDEAL
Computer Systems, Inc.

How to Evaluate Dealership Systems

A Do-it-Yourself Guide

How to Evaluate Dealer Dealership Systems

Even with the technological advancements in Dealer Management Software over the last 30 years, there is still a significant percentage of dealers that don't have an industry-specific, fully-integrated system to run their business. In addition, many dealers that are using professional Dealer Management Systems aren't satisfied with their current system and would consider switching.

So why is there such a lack of technology adoption and high levels of dissatisfaction? What is it that causes dealers to either postpone the decision to invest in a Dealer Management System or to make the wrong decision in choosing a system, and a vendor, that is right for their needs?

The most common answer to these questions given by dealers is that they just do not know how to quantify and document their business needs and requirements well enough to make an informed decision. Many also state that they don't know how to predict or measure what the return on investment from a Dealer Management System will be, or how to go about properly evaluating the systems and vendors that are available to them. Many feel that generic solutions, such as QuickBooks will suffice. The truth is without a full, industry-specific solution dealers are missing out on significant gains both now and down the road.

To help guide dealers through the process of evaluating their business needs, and choosing a Dealer Management System that will fit them best, Ideal Computer Systems has commissioned the following checklist. Simply read through each section and put a check mark in the box next to each item that you believe is an issue in your dealership. Afterwards, review the list of items that you marked to see if there is significant room for improvement in your business and whether or not you should consider purchasing a new Dealer Management System.

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System Overview

For an accurate picture of the capabilities and limitations of your current software system, it's important to gain a clear understanding of the general state of your organization and system. The following questions will help you gain that understanding.

☐ Will the technology on which our system is built be around for the long haul?

☐ Is our system vendor stable and will it be around to support us in the future?

☐ Will our system be able to expand to accommodate our dealership's future growth?

☐ Does our system completely integrate all of our departments and business processes?

☐ Is our system capable of accurately and efficiently handling all our dealership locations now and in the future?

☐ Do employees in our remote locations have easy access to the information they need?

☐ Can we run customizable reports, which enable us to monitor departmental performance on a daily basis within our dealership?

☐ Can we easily generate the reports that we need to make informed business decisions?

☐ Does our current system provide the integrations into our suppliers' systems that we need to conduct business efficiently?

☐ Is there a significant learning curve for new employees when it comes to understanding our current system?

☐ Do employees spend valuable time re-inputting the same information in multiple places?

☐ Does your system include a comprehensive mobile application that allows your service writer, technicians, salespeople, and parts department to perform key daily tasks?

Commented [CB1]: Similar questions

Commented [CB2]: Would go under ease of use & employee training

Commented [CB3]: Under mobile section instead.

Financial Management

Your financial information is the backbone of your dealership. Having rapid access to high-quality financial information allows you to make quick, confident decisions about topics vital to the well-being of your organization. This section allows you to determine the quality of the financial information you receive from your current software system.

- ☐ Does the day-to-day operating information we receive from our current system meet our needs?

- ☐ Does our current system allow us to easily develop customized financial reports that help us to communicate with managers and employees in various departments?

- ☐ When we close a period, can we quickly and easily complete necessary financial reports?

- ☐ Are our Profit and Loss reports timely and accurate?

- ☐ Can we easily view and access the profitability of a particular department or product category?

- ☐ Does our current system allow us to efficiently manage cash flow and payables?

- ☐ Do we have sufficient online access to historical vendor information?

- ☐ Does our current system allow us to track and allocate expenses sufficiently?

- ☐ Can we easily create operating budgets and track actual performance and variances?

- ☐ Does our system retain sufficient historical transaction detail?

- ☐ Can we easily recall customer history and information to help us provide outstanding customer service?

- ☐ Does our accounts receivable system allow us to monitor and collect outstanding balances in an efficient manner?

- ☐ Does our system automatically create all transactions relevant to unit inventory and sales; including accounts payable invoices, receivables for reserves and from the customer, and income and cost transactions as the unit goes through the dealership?

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> *On average, about 42% of dealers would consider switching their current software system.*

Commented [CB4]: How specific do we need to be?

Purchasing

Your purchasing system is a vital component of your overall solution. In general, the more automated your inventory and purchasing functions, the more you'll benefit from greater efficiency, reduced costs, and fewer errors. This section allows you to find out if your purchasing system is meeting your needs and helping your dealership operate efficiently.

- ☐ Can we easily analyze purchasing information?

- ☐ Does our current solution provide immediate access to information our employees need to make high-quality purchasing decisions?

- ☐ Can our parts system automatically suggest and create purchase orders based on past sales history, seasonal fluctuations in activity, as well as established minimum and maximum inventory levels?

- ☐ Does our current system allow us to process payables efficiently?

- ☐ Can you accept credit card payments or capture the customer's signature using a mobile device?

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> *Dealers say using disparate applications in various departments in the dealership causes many tasks to be duplicated.*

Sales

The way in which your products and services are distributed to your customers is an important part of your dealership's cost structure. Ideally, your solution should provide the information you need to sell your products and services as quickly and efficiently as possible. This section can help you quantify the performance of your dealership's sales system.

- ☐ Can we easily build and sell custom order units with standard features as well as manufacturer and dealer installed options when working with prospects?

- ☐ Does our system give us sufficient flexibility in creating and modifying packages from individual unit inventory?

- ☐ Does our system have a good ability to accurately track the true cost of a unit, including preparation charges, internal work orders, and overhead allocation?

- ☐ Can we access real-time information regarding dealer options installed, internal work orders posted against the unit, and work in progress so that we can make informed decisions in the sales process?

- ☐ Does our system allow us to provide financing to our customers during the sales process in an efficient, professional, and profitable manner?

- ☐ Do your salespeople have to the ability to instantly access up-to-date customer data through their smartphone or tablet anywhere, anytime?

- ☐ Can your salespeople show customers unit details right on the spot, using a smartphone or a tablet?

Commented [CB7]: Customer data & inventory data is a powerful thing to include (mobile section)

Inventory and Parts

Maintaining proper control of parts inventories, while providing for adequate turnover and margins, is an important part of operating a successful dealership. This section will highlight some areas within your parts operation that may be in need of improvement.

- ☐ Is our current system meeting our needs when it comes to running a well-organized, efficient, and profitable parts department?

- ☐ Does our system have the ability to download manufacturer price lists?

- ☐ Can we run accurate gross profit reports on a daily basis? Are our inventory levels accurate and appropriate at all times of the year?

- ☐ Does our system allow us to purchase from the vendor with the best pricing?

- ☐ Do we have confidence in our inventory valuation reports?

- ☐ Are there sufficient controls to eliminate theft or employee fraud?

- ☐ Can we easily transfer inventory from one store to another?

- ☐ Do we have enough pricing levels to handle various discounting policies?

- ☐ Does our system handle the special ordering of parts and accessories in an automated and efficient manner, allowing us to provide outstanding service to our customers?

- ☐ Does our current system include point-of-sale functionality which lets us process counter transactions quickly and efficiently while providing adequate financial controls and reports?

- ☐ Are your techs able to take photos of failed parts and instantly upload them to the manufacturer's website through their mobile device?
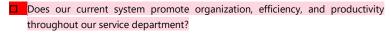
> ❞
> *Dealers say it is so time consuming and difficult to get information into and out of their system that employee productivity suffers.*

Service & Warranty Management

Service operations can be a vital source of revenue and profits for many dealerships, as long as the service operations are managed efficiently. A high-quality system should allow you to manage technicians' schedules and provide up-to-the-minute parts and customer information. This section allows you to take a look at the efficiency of your current service and warranty operations.

☐ Does our current system promote organization, efficiency, and productivity throughout our service department?

☐ Is the service write-up process flexible and fast enough to meet our customers' expectations?

> **Commented [CB8]:** Generic questions that we can remove

☐ Can we rely on our system for service scheduling and does it help us to maximize billable hours?

☐ Are we satisfied with the way our system handles internal work orders?

☐ Does our system allow us to perform warranty repairs quickly and efficiently?

☐ Are we certain that all warranty work is being claimed and do we have sufficient reports that give us the information we need to manage the warranty process in a professional and profitable manner?

☐ Can your techs use their smartphone or tablet to clock in and out of labor lines, take relevant photos as well as provide cause & correction without having to go back and forth to a computer?

> **Commented [CB9]:** Included it in mobile functionality section

Hardware & Networking Infrastructure

No matter what software solution that you are currently using, it is only as good as the infrastructure platform that it runs on. If your hardware and network is not capable of providing a stable and secure environment for your software to run on, you will not be able to achieve all of the benefits of the entire solution. Review the questions in this section to determine if there are areas of concern for your dealership.

- ☐ Are you concerned about the safety and security of your dealership's critical information?

- ☐ Do you think that your organization's critical information is vulnerable to loss or interruption from natural disasters, such as hurricanes, floods, or earthquakes?

- ☐ Is your business data automatically backed up and stored offsite each evening?

- ☐ Does your system have adequate security controls so that employees can access all of the information they need while safeguarding and protecting data that they should not have access to?

- ☐ Can you keep your hardware and network platforms stable, secure, and updated efficiently and cost effectively?

- ☐ Do you believe that your existing IT support services are sufficient to manage your dealership's anticipated growth in the next 5 years?

- ☐ Do you have an adequate IT staff in-house or a trusted partner that keeps your system running properly?

- ☐ Does your current infrastructure support the secure use of mobile devices and applications that would help your employees streamline their daily workflows?

Support and Training

The most important link between your business software and your users is the knowledge and experience they possess about how to use it as a tool to enhance their job performance. This knowledge and experience can be rapidly built and encouraged through training and support provided by your system provider. Questions in this section will help you to identify topics related to training and support that are important to your dealership.

☐ Does your system provider offer support plans that fit the needs of your organization?

☐ Is support available during the days and hours that you need it to be?

☐ There can be various methods for submitting and tracking a support incident including telephone, email, and web portal. Are you satisfied with the options provided by your current vendor?

☐ Does your system provider normally resolve your support incidents in an amount of time that is acceptable to you?

☐ Many times the answer to your questions requires that the support representative not only have a deep understanding of how the software works, but also how it is used in the real world working environment within your dealership. Does the support staff that handles your calls have the necessary understanding and dealership experience to address your questions satisfactorily?

> **Commented [CB13]:** Covered in the last question

☐ Training and education provided by your vendor is an important ingredient in receiving the maximum return on investment from your system. Although training and education are similar, there are some slight differences. Training is normally about how the software works, where education goes deeper into "how and why" to use the software in your dealership to improve business operations and profitability. Training programs are normally geared towards new users while educational offerings include advanced topics on best practices and business processes and can be considered a continuous process. Are you satisfied with both the training and educational offerings from your current system provider?

☐ Do you have access to both printed and online software documentation and user guides?

☐ Training curriculum can be delivered via prerecorded online tutorials, remote sessionsover the internet, in the classroom, and onsite in your dealership. Do you have access to the various formats of training that are required for your needs?

☐ Are the training programs that are available to you cost effective?

☐ Do the trainers and professional service consultants employed by your system provider have the real-world knowledge and dealership experience to suggest relevant improvements to the way that you operate your dealership?

Dealer System Provider

When you invest in a business software solution, you are buying a relationship, not just a product. You expect that the solution will be able to meet your current and future needs for a long time to come. Therefore it is imperative that the system that you select be supplied by a vendor who is going to be around for many years. Ask yourself the questions in this section to see if your current system provider is meeting your needs.

☐ Effective business software begins with a vision for the future. Does your current system provider have a clear vision and strategy for delivering business enhancing solutions well into the future?

☐ The financial stability of your vendor helps to ensure that they can invest in, and deliver, enhancements and new products in a timely fashion. Do you have any reason to question the financial stability of your current vendor?

☐ Direct industry experience results in producing Dealer Management Systems that work the way your business does. Does your current system provider have adequate experience in the industry with professional services consultants and trainers that have actually worked in, and delivered training to, successful dealerships?