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## Driving Technological Change at Your Dealership

By Lucian Bacallao, CPA

*Knowing what you don't know can be one of the most important insights a dealer can have. While an owner/operator or general manager may be a great sales leader or motivator, there may be a service manager or parts manager on the team better suited to keep the dealership well-rounded and moving toward continuous growth.*

For the same reason a dealer should hire the best fixed operations managers available, a savvy dealer should likewise surround his or herself with individuals who embrace technology and have the drive, creativity and know-how to implement it at their stores. The right person or team to lead this initiative could be a current manager or associate, or consultant. Identifying technology champions, however, is only the first step. It's equally important to empower those leaders to hire, train, and mold the dealership culture in order to capitalize on all that technology has to offer.

In today's rapidly changing dealership environment, embracing technology and remaining at the cutting-edge is paramount for not only enhancing the customer experience, but also to create internal efficiencies. Change is necessary to survive. While certain things in a dealership may be slower to change than others, no dealer should allow their store to be left behind when it comes to technology.

### Customer Experience

Beyond great service and no-haggle pricing, more than ever, consumers are demanding technology solutions to enhance the customer experience and streamline the purchasing process. Dealerships that are well-positioned to provide this convenience are more likely to earn a customer's business and loyalty. This has been a hot topic that the public groups have been trying to resolve. Even Edmunds created a competition called Hackomotive to determine ways to improve the customer experience through technology. Hackomotive has been held the last two years and has been described as "a three-day competition between innovative teams who are on the path to create a significantly better car shopping experience."

Whether it's enhanced communication and marketing via social media or more user friendly and interactive websites, the technology itself is just as important as the people managing it. In an era where the dealer body is comprised of many owners and operators in their 50's and 60's, trusting those associates with technological experience is critical to effectively attract the Millennials that are now in the prime age to be purchasing their first or second vehicle.

While online car shopping has revolutionized the car purchasing process in the past 10-15 years, the experience still lags far behind the typical online buying process most consumers have become accustomed to for other consumer products. Great strides have been made toward improved convenience and streamlining the online auto sales process, but it's nowhere near the likes of Amazon or Walmart and can still be a frustrating experience for consumers.

*continued on page 2*

## Here are just a few of the many ways dealers are currently leveraging technology to their advantage:

- **Mobile Devices:** During my time at Sonic Automotive, there was a big push for the integration of iPhones and iPads in sales, finance, and service, in order to improve the customer's experience. iPhone and Android apps are becoming increasingly popular as a way for customers to interact with dealership personnel, and even text messaging is being used between customers and salespeople to close deals. Tablets such as the iPad are being used to increase interaction and engage customers in finance, while service advisors are using them for "walkarounds" and in the write-up process.
- **Contracting:** As large lenders and captive finance companies become more comfortable with eContracting, so have dealers. The volume of these transactions has been increasing the last few years and dealers are seeing the benefits in increased customer satisfaction due to a streamlined process, as well as faster funding, which results in stronger cash flows.
- **Social Media:** Facebook, Twitter, and Instagram are all being used to target current and potential customers. Whether it's sharing photos of new vehicle arrivals, giving away prizes, or soliciting customer feedback, dealers are using the medium more than ever to connect with customers. Some dealers have full-time positions and departments dedicated to maintaining their social media presence.
- **Website Functionality:** Dealers are molding their sites to enable customers to do more and more from the comfort of their home or office. Whether it's a detailed search of inventory, ordering parts, applying for credit, or setting service appointments, the more a customer can do on a dealership's website can help determine who ultimately wins their business.

## Internal Solutions

While customer service is the most obvious application for new technology, there are also many internal opportunities to help generate sales, create efficiencies, and reduce costs. With tech-savvy managers and associates, many different applications can be found to help improve a dealership's internal operations.

- **CRM, Used Vehicle Appraisals, and Online Auctions:** Many savvy dealers are capitalizing on all of these technological advances to help cement customer bonds and better track critical customer intervals; increase the accuracy of used vehicles appraisals; and market vehicles in the areas where they can gain the highest bids.
- **Inventory Scanning:** It is surprising to see how many dealers still have employees manually count new, used, and loaner vehicles and reconcile it back to their books. Software can be purchased or an outside company can be retained to do all of this, while potentially saving the dealership time and unnecessary costs, and drastically improving its internal controls.



- **Reports, Scanned Documents, and Archiving:** Within the accounting office, many dealerships are using technology to improve their reporting and record retention processes, while reducing storage costs by scanning and archiving deals, checks, cash receipts, and many other important documents.

## Attitudes

To help foster any kind of organizational change, the right people must be in place and leading the charge. In an industry notorious for reacting slowly to technological change, it is imperative for a store's technological leaders to advocate for its use and to address any staff that may be resistant to change.

A dealer should not allow an employee with an "old school" mentality to prevent their store from changing with the times. In a world where one-price initiatives are becoming the norm, keeping up-to-date with technology takes on increasing importance. Customers have become accustomed to quicker turnaround times on the products and services they purchase, and are demanding the same from their dealerships. Innovative customer and internal solutions will help set dealerships apart as the market for vehicles becomes increasingly like a commodity.

Many dealers may have grown up in the industry and relied recently on their dealership associates to know what technology is out there and how to best implement it. However, dealers shouldn't assume associates have the same mindset. Even if a dealer isn't the most comfortable with technology, a great place to start addressing the issue may be at a manager's meeting, a 20 Group, or in a discussion with other dealers. Ask what's out there, ask what's being done at other stores, and consider speaking to factory reps.

While there is an abundance of opportunities out there, the people at the store level will be the driving force behind changing the culture and implementing these new ideas. A dealer doesn't have to post statuses on their store's Facebook page, but by surrounding his or herself with the right team, the store may be "liked" more than ever. ▲

# Maximize Efficiency, Minimize Effort by Autoposting in ADP

By George Woloszczuk

*How would you like to post large journal entries in seconds? It's possible - when MS Excel and ADP join forces to help you maximize efficiency. Using an autopost template, the journal entry process can be completed in only a few simple steps.*

## Copy and Paste from Excel to ADP

The copy and paste function in Windows enables users to move text, images, and files from one location to another. Many are already familiar with how this function works within a specific file type (i.e. copying a column of data from one spreadsheet to another in MS excel) but most are not aware that data can be copied from any file type directly into ADP. The most useful file to use for this function is MS Excel.

While there are multiple ways to copy cells in Excel, the simplest is to highlight the cells, right click anywhere in the selection, and left click on the "Copy" button from the resulting pop up menu. Pasting into ADP is done by right clicking anywhere on the screen in ADP and selecting the "Paste" button from the pop up menu.

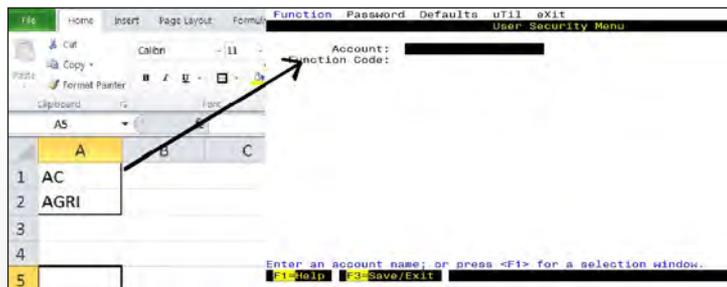


Figure 1

Keystrokes can be entered into cells on a spreadsheet and then copied from the spreadsheet and pasted into ADP. For example, let's look at the two cells in Figure 1. When these two cells are pasted into the "ACCOUNT:" field in ADP's DMS connection, ADP will launch the AGRI function.

Let's look at what is happening here, step by step. The string of characters entered in the first cell ("AC") is pasted into the selected line in ADP. This is the equivalent of the user typing "AC" into ADP. ADP then recognizes the end of a string of characters in a cell and responds by ending the line. This is equivalent to the user pressing the Return key. Then, the next string of characters ("AGRI") is entered into ADP. ADP will again recognize the end of the line

and launch the function. This simple concept can be utilized in many ways to make the processing data in ADP easier. This article focuses on how to use this process to post journal entries.

## Expert/ Column Mode in AGJE

First let's explore some of the features available to the user in the AGJE function.

Many ADP users are familiar with the AGJE function but are unaware of the Expert/Column mode. Here's a brief explanation of how it works.

When the Expert/Column mode is selected, the ADP user can toggle between the normal journal entry mode and "Expert" mode, which allows the user to enter lines of a journal entry in the following format:

```
[Company].[Account].[Amount].[Control].[Control2].[Posting Description]
```

Notice that each field is separated by the "." character. This is particularly important to note when entering data into the amount field. Amounts entered in this format need to be done so in a specific way. Let's look at three different ways of entering \$100 in the amount field. If the user enters: 100, ADP will read the field as \$1.00. If the user enters: 100.00, ADP will read the field as \$1.00 with the "00" after the decimal (".") as part of the control field. Remember that the "." character signals the end of a field to ADP. The correct way to enter the data is: 10000.

Depending on some ADP configurations the company field may automatically populate on every new line.

This format utilizes a standard string of characters to recognize journal entry data which makes it ideal for pasting from Excel.

L7													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Company #	1											
2	Reference:	TEST									Insert Lines		
3	Journal	80											
4	DEBITS					CREDITS							
5	ACCOUNT NO	DEBIT AMOUNT	CONTROL 1	CONTROL 2	DESC	ACCOUNT	CREDIT AMOUNT	CONTROL 1	CONTROL 2	DESC	Debits Autopost	Credits Autopost	
6	1000	\$ 100.00	TEST	TEST	TEST	1001	\$ 100.00	TEST	TEST	TEST	1.1000.10000.TEST.TE	1.1001.-1000	
7											1..0...	1..0...	
8											1..0...	1..0...	
9											1..0...	1..0...	

Figure 2

### Autoposting Into ADP

Using Excel formulas, journal entry data in Excel can be set up identical to ADP's "Expert" entry mode. Figure 2 is a screenshot of a sample Excel template. The journal entry is entered into the template with debits on the left side and credits on the right.

The reader will notice that as data is entered in the entry, the formulas in columns M and N update.

Columns M and N contain journal entry information in "Expert" format. After the user enters the journal entry on the spreadsheet, he can paste columns M and N into ADP's AGJE function. This autopost template can be found at [www.axiom-auto.com](http://www.axiom-auto.com).

Keying information on a spreadsheet is just as time consuming as keying information into ADP, so the true advantage of using an autopost is seen when working with large amounts of data that can be imported into Excel. Many manufacturers allow users to download invoices into Excel. Large invoices (i.e. incentives, holdback, reserves, and warranty statements) can be copied into the entry and posted in seconds.

This is quicker than hand keying a large journal entry and is also less prone to human error.

Autopost can also be incorporated into commission calculations. Many dealerships use spreadsheets that calculate and summarize commissions for employees. The summary can be copied and pasted into the autopost spreadsheet for quick posting.

Furthermore, the user can download schedules from ADP and manipulate the data in Excel to make adjustments to a large number of scheduled items. Each dealership is unique and controllers are sure to find uses for this template beyond those I have mentioned.

The Autopost template is just one example of how Excel can be utilized to maximize ADP and bring welcome efficiency to a cumbersome process. Using the same logic as our first example, other functions can also be set to autopost (CRE, CHK, FI, etc.), the possibilities are limitless when you combine the power of MS Excel and ADP. ▀




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# Acura: The Franchise of the Future... and Always Will Be

▲ By Phil Villegas

## As featured in **WARDSAUTO**

I recently had a lengthy debate with a client regarding the pros and cons of building a new, exclusive facility for their Acura franchise. While this multi-brand client has enjoyed success with the Acura brand, I nevertheless found myself advising him to consider either retro-fitting an existing facility or selling off the franchise. Why? No matter how much we crunched the numbers, we could not find enough meaningful data to support the long-term prospects of the Acura brand. Rather, all of our data points forecast the brand struggling for survival in the years to come.

Acura was launched in 1986, following the Japanese government-imposed export restraints on mainstream vehicles. At that time, the brand targeted a more profitable vehicle segment that was not being properly addressed by other manufacturers: the “near-luxury” segment. Near-luxury sought to fill the gap that existed between the top Japanese brands (Toyota, Honda, and Nissan) and that of the top German luxury brands, at the time, BMW and Mercedes-Benz.

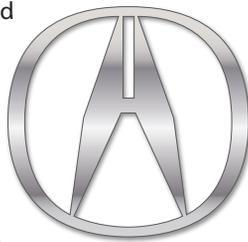
At the time Acura debuted, Cadillac and Lincoln languished with stale and non-innovative products, making the environment ripe for an alternative luxury concept.

While Acura, much like other brands, has shown year-over-year growth since the end of the Great Recession, it’s important to note that it has not bounced back at the same level as other luxury manufacturers. Acura, much like Infiniti, hit its respective sales peak in 2005 and has since been progressively losing market share. Furthermore, we anticipate continued erosion of their share. This is primarily attributable to the growth of Audi and BMW, as well as Mercedes’ continued model line expansion.

While Acura was the first of the Japanese manufacturers to launch a luxury brand in the U.S., they have struggled to distinguish themselves as a true luxury brand, with the likes of Lexus, Mercedes and BMW. But through the 90s and early 2000s, they didn’t need to be a true luxury brand to be successful. Their positioning as a near-luxury brand filled an important gap in many upwardly mobile consumers’ ascent into the realm of more refined cars.

However, Acura’s challenge is the segment that they occupied – and thrived in – has all but disappeared, due to the invasion of the prime luxury manufacturers keen on conquering aspirational customers. Whether it’s Mercedes with the CLA, or BMW with the 2 Series, many of these manufacturers’ growth projections are banking on the incursion of these lower-priced growth segments. As an example, only a few months after being released, Mercedes Benz’ CLA is outselling Acura’s top volume car, the TL. In the first three months of 2014, the CLA outpaced the TL by 26%.

Some Acura dealers are encouraged by the imminent release of the new NSX. While the NSX promises to be a remarkable vehicle, it is as likely to revive Acura as Alfa is to revive Fiat. These are not high-volume models that will deliver sustained profitability for dealers, rather, some dealers may even face losses with these vehicles. Yes, dealers will have several high-grossing units, but after 25% commissions and \$100k in special tools and training, what actually drops to the bottom line may not be worth the price of admission. Don’t get me wrong, these halo cars are great, and they do wonders for a brand. But much like playing pool, if you’re not considering where to leave the cue ball after taking the shot, the competition already has the advantage. Draining a ball after banking it off the rail is impressive, but makes little impact if you can’t follow it up. The same holds true for Acura. Without a series of timely and exciting models, the NSX will do little more than serve as a development prototype for the next Honda S200.



I’ve often quipped about Acura’s future being much like that of Brazil’s: “it’s the country of the future...and always will be.” However, until recently the dubious outlook of Acura did not seem as promising. Rather than seeming like a brand poised to expand its lineup and growth outlook, in recent years, Acura seems to be conceding its position as a niche brand...the likes of Volvo or Lincoln. But unlike Volvo, which doesn’t have to contend with similarly styled and equipped vehicles on a common platform, Acura has and will continue to face the challenges associated with being a “re-badged” car. Lincoln has struggled with this for nearly 20 years and has consistently declined, and today it would come as little surprise to the industry if the brand was wound down in the coming years. In my opinion, Acura only seems to be leading Lincoln in life expectancy by no more than five to seven years.

Any dealer who’s considering either investing millions of dollars in a new Acura facility, buying the franchise from an existing dealer or applying for an open point, would do well to evaluate the proposition very carefully. Unlike the careful evaluation of other brands that are poised for potential growth, the analysis consideration for Acura must be based on the assumption that sales will continue to be negatively impacted by reduced volumes and compressed grosses. Blue sky or Goodwill considerations for the Acura franchise based on true, normalized earnings should be at a 3 multiple, with a possible 4 times earnings in a strategically motivated acquisition.

There is no question that Acura delivers a great product at a great value. But in the current market environment, value alone does not offer the same advantage that it did in the past. Acura does have a future in the U.S. market, dealers just need to remember that its future is that of a niche vehicle line. ▲

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Phil Villegas  
[pv@axiom-auto.com](mailto:pv@axiom-auto.com)

Marilou C. Vroman, CPA, CFE  
[mv@axiom-auto.com](mailto:mv@axiom-auto.com)