



You're Not *Just* a Car Dealer

BY SCOTT LANIER, CMD, FIADA PRESIDENT

So, you just sell cars for a living? I'm sure we have all heard this statement from friends or new acquaintances. I think many people think that selling vehicles is simple: you go to the auction, buy a vehicle, sell the vehicle and put a wad of money in the bank! Don't we all wish it was that simple.

Being a dealer is complex and you should stop and take a moment to pat yourself on the back and congratulate yourself for being able to accomplish all the tasks that you have on your plate any given day. Let's think about this for a moment. One of the first things a dealer must do is obtain a dealer's license. Do you remember how difficult it was to walk through the process? The filing of forms, the inspection for DMV, the classes you had to attend, the bonding process, the fees, the certificate of occupancy? And now the annual maintenance on continuing to own the license.

Even before that you had to understand real estate contracts for purchase or real property rental agreements, zoning laws, signage restrictions, permitting, renovation and construction on the property you were considering occupying. Not to mention the size of the property, how many vehicles were you planning to sell, and what were your budget constraints, and how many vehicles could you afford to sell.

How about the floor planning of the vehicles? Understanding the contracts and the fee process that are associated with having a floor plan, and the difficulty in obtaining a floor plan? Most BHPH dealers have lines of credit with contingencies, covenants, capital requirements, gross borrowing bases, limitations on reserves, borrowing ratios, the list goes on and on. You are expected/required to know all the ins and outs of these documents. Not only do you have to understand them for the financial well-being of you and your family, but you must understand these complex documents well enough to negotiate with the professional creditors issuing these financial vehicles.

Even with all the tools at our disposal one must still have ongoing quick-thinking, radar-type skills for purchasing inventory. It's not just a matter of attending an auction

and raising your hand or winking your eye. You must know your market, your customer, the value of the vehicles you are purchasing, the condition of the vehicle, if it has been wrecked, and if so, how bad? Has it had paint work? Was it underwater? Is it green light or red light? Does it have an inspection period? Are the catalytic converters intact? Why is the check engine light on? Is there a noise in the motor? Does the transmission shift properly? How bad is the rust on the undercarriage? The questions go on and on and on.

So you bought some cars, after negotiating transportation back to your facility, it's time to start the reconditioning process. Now you must have some technician skills or you're going to get hosed. More negotiating skills to purchase parts, tires, PDR, touchup work, mechanical repairs, and details.

Finally, you are ready to sell some vehicles! Do you understand your application, contract, odometer statements, window documents, buyers guides, purchase agreements, insurance requirements, credit bureaus, funding payoffs, and warranties if applicable?

Now that you sold some vehicles, you must now all about titling, sales tax, documentary stamps, county surtaxes, timeframes, collection and rebating of fees, electronic titles, paper titles, compliance issues, red flag rules, risk-based pricing, privacy policies, safety issues, recalls, notice of adverse action.....and the list of knowledge a dealer needs to have could go on and on and on. Just fill in your personal list that you accomplish weekly.

Here's my point, you're not just a car dealer, you are a professional! You possess the knowledge of a real estate agent, an attorney, a CPA, a buyer, a negotiator, a compliance officer, a banker, a technician, an administrator, an IT professional, an owner, the principle, and the dealer. So, take a moment and applaud yourself for your achievements, you deserve it! Even if everyone else thinks you.... just sell cars.

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