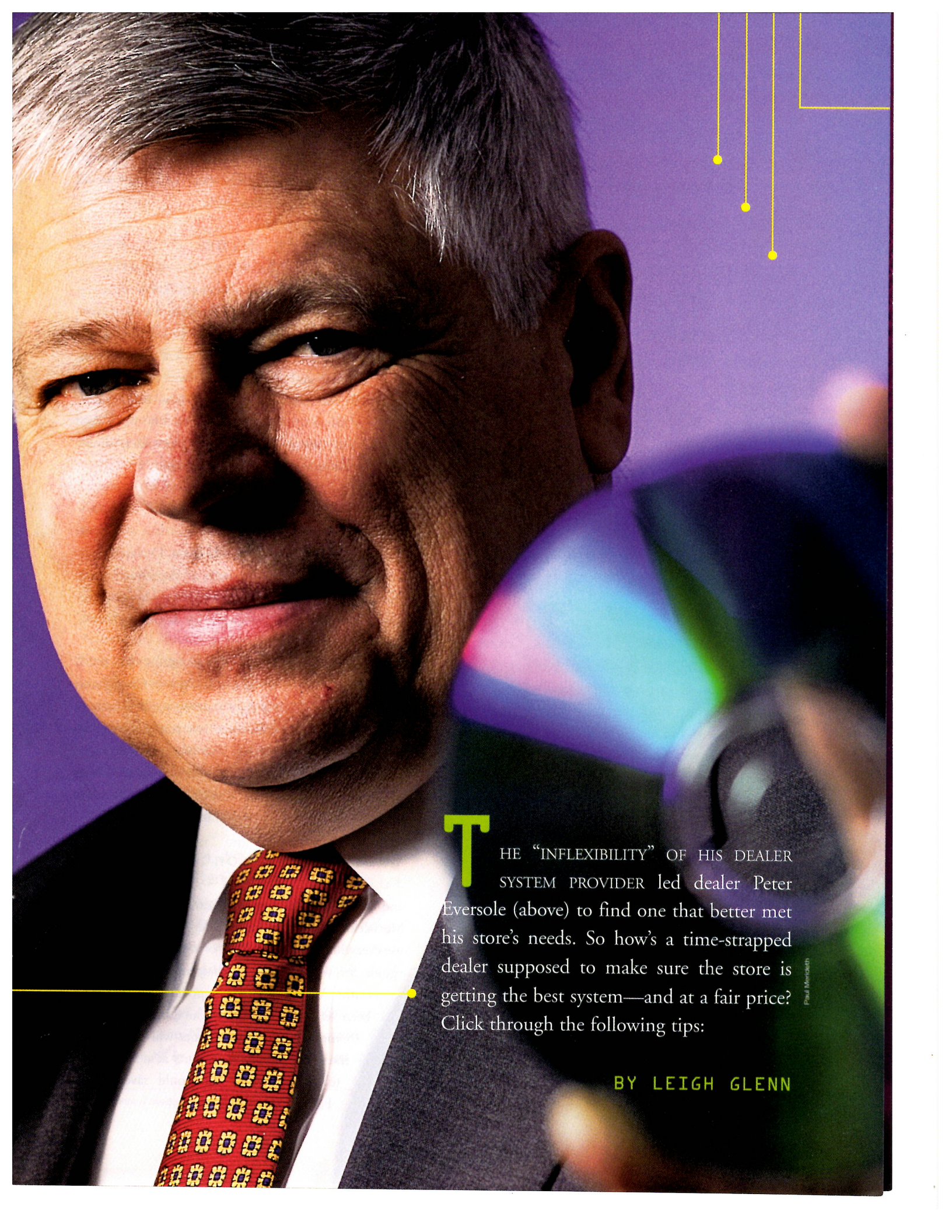


Ten tips to take on your
next computer buying spree.

Better Shop Around

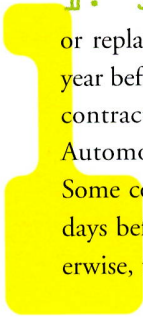




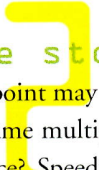
THE “INFLEXIBILITY” OF HIS DEALER SYSTEM PROVIDER led dealer Peter Eversole (above) to find one that better met his store’s needs. So how’s a time-strapped dealer supposed to make sure the store is getting the best system—and at a fair price? Click through the following tips:

Paul Mendelsohn

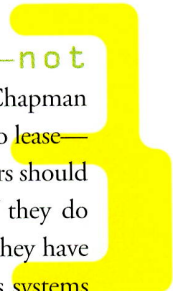
BY LEIGH GLENN



1. Start early. Whether updating or replacing a system, dealers should begin at least a year before their current dealer system provider (DSP) contract expires, says consultant Tom Marsalek, Automotive Computer Management, Baltimore. Some contracts require dealers to let them know 180 days before expiration whether they'll terminate; otherwise, the contract is considered renewed.

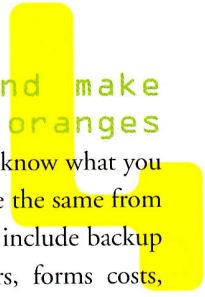


2. Determine the store's needs. A low-volume single point may not need the same capabilities as a high-volume multipoint. So what are your chief priorities? Price? Speed? Ease of use? Reliability and control? Talk to department managers and find what they like, dislike, wish they had. For dealer Eversole of Eversole's Chrysler/Jeep, Lacrosse, Wis., it was not only his vendor's lack of flexibility but the "frustration in dealing with a large company" that prompted him to start looking around. Whether modifying an existing system or switching altogether, the push "has to come from the dealer," says Eversole. "He doesn't have to become a techie, but has to understand the benefits. Or he can stay in the comfort zone and pay the price."

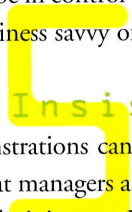


3. Consider buying—not leasing—the system. Chapman Automotive Group, Scottsdale Ariz., tries not to lease—or, if it must, gets separate financing. Dealers should have "written into the contract that if they do upgrades within the lease term that they have a resolution already in place," says systems administrator Win Barse. "If you leave it up to [the vendor] to buy out the lease, it's outrageous."

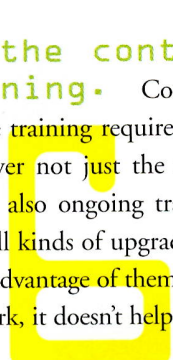
But dealer Eversole prefers leases, because of the rate at which technology changes. "It very much depends on whom the lease is with," he says. As he was switching vendors, he could not negotiate an acceptable resolution at that point and ended up storing some equipment, which was less expensive than what the vendor would have charged to end the lease early.



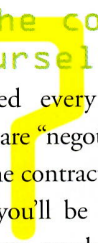
4. Solicit bids—and make sure you compare oranges with oranges. After you know what you want, make sure the bid parameters are the same from one vendor to the next. Experts say to include backup tapes (if applicable), number of users, forms costs, direct deposit, and after-hours support (normal business hours for vendors may be 8:30 A.M. to 5:00 P.M., but your store's could be 7:30 A.M. to 9:00 P.M.). And always be in control of the process; never underestimate the business savvy of computer vendors.



5. Insist on a demo. Demonstrations can take several hours, but it's important that managers and dealers do them. Dealership systems administrator Barse includes all department managers in the demos, which let managers see how the various applications they use operate on different systems.



6. Make sure the contract includes training. Consultants advise dealers to clearly state training requirements in the contract. Be sure to cover not just the first two weeks after installation, but also ongoing training as needed. "[Vendors] can do all kinds of upgrades," says Barse, "but if you can't take advantage of them, because you don't know how they work, it doesn't help you."



7. Read the contract carefully yourself. "Contracts get more and more involved every year," says consultant Marsalek. But they are "negotiable." Ask: Will the store use everything in the contract, even that service pricing guide for which you'll be charged \$150 to \$250 a month? Are there needed applications that have been left out? Anything you don't understand? (Some computer consultants will review contracts and billing statements at no charge to tell you whether you could save money. Further help will cost you.)



STAR: MAKING TECHNOLOGY WORK


8. Make sure the system integrates with your factory's.

If your automaker isn't one of the few that require a specific system, your system at minimum must be able to integrate on financial statements, warranty claims, and parts stock orders. And your vendors should either belong to the Standards for Technology in Automotive Retail (STAR) program or at least be committed to its principles. (See "STAR: Making Technology Work," at right.)

9. Allow enough time for transitions.

Chapman, with points in Arizona and Nevada, is now switching one store at a time from a large to a medium-size vendor. "If you're going to be converting, overlap for a month or so," says Barse. It allows time for applications to be securely duplicated in the new system, and for employees to get used to it. If it's dumped on them, you may see "your whole staff leaving en masse," she says. Eversole, too, ran both systems concurrently for 30 days, paying particular attention to payroll and the general ledger.

10. Consider hiring a systems administrator.

Sometimes controllers play a second role as systems administrators. But, ideally, an information technology person will monitor computer vendors' billing statements, repair PCs, and be able to train people. 

(For more info, get NADA Management Education's A Dealer Guide to Negotiating Your Computer Contracts [BM.26] by calling 800.252.NADA, ext. 2.)

Leigh Glenn is associate editor of AutoExec.

The STAR (Standards for Technology in Automotive Retail) program includes NADA, automakers, and some dealer system providers (DSPs). It wants to end duplication of computer equipment and the need for data re-entry. In addition, it wants to create simple ways for dealership computers to "talk" with automakers' computers using the Internet. By creating industrywide infrastructure guidelines to support the exchange of data, STAR hopes to reduce the complexity and cost of dealership information technology.

So far, STAR has 62 standards for 22 dealership activities, including information needed for sales leads, credit applications, repair orders, and vehicle service histories.

Dealers will have to be Internet- and network-ready—an automaker requirement—to use their new DCS applications. Though large DSPs can handle the DMS and the installation of a local area network (LAN), Brad Willingham, partner and chief financial officer, Boulevard Buick/Pontiac-GMC, Long Beach, Calif., recommends getting competitive bids for these and other applications such as CRM.

And STAR will help, giving dealers more choices of applications as vendors build programs to STAR's specs. Once dealers can communicate directly with automakers, they'll save "untold thousands," says Willingham. "The potential for STAR is huge, and if you're a multifranchise dealer, it's really huge."

(For additional information, visit www.nada.org/Content/NavigationMenu/MemberServices/Technology/Technology.htm.)