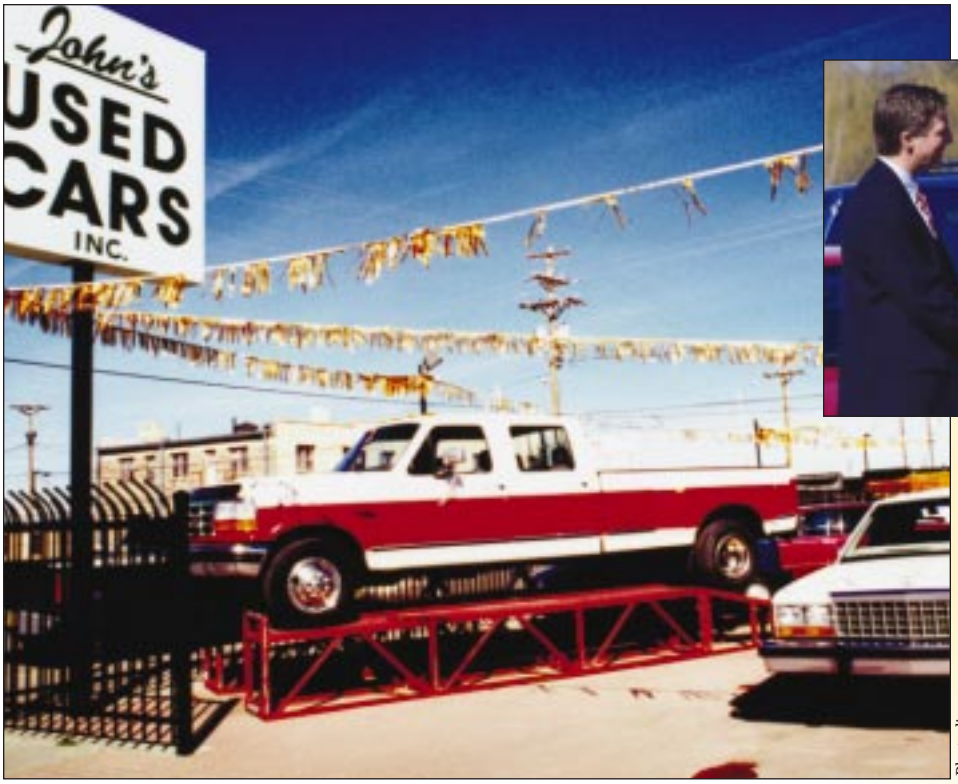

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Ethics and Car Dealers

by Tom O'Connell

A generation ago, some car dealers' business practices were aimed at getting all they could from the customer. Unfortunately, this philosophy tarnished the industry, and they have been trying to shed their reputation for 15 years.

In general, the automobile dealers I know are good-hearted people who want to give back to the community. When a local charity needs sponsors for their golf tournament, they turn to the local dealer. When disaster strikes a community, the local dealer is part of the solution by donating vehicles, employees' help, money or all of the above.

For instance, one of the employees of Southpoint Toyota in St. Louis, Missouri was devastated when his house burned to the ground. He had no insurance. Southpoint Toyota asked the other car dealers in the area to pitch in to help out and raised $15,000 almost immediately. Similarly, National Automotive Dealers Association (NADA) has a disaster relief fund. Dealers can petition the fund on behalf of their employees for help in emergency situations. Often dealers will just act swiftly and independently to respond to the needs of the community. For example, in 1993 there was flooding all up and down the Mississippi River. In St. Louis, Dave Sinclair Ford, the Bommarito Automotive Group and the Suntrup Family dealerships donated shuttle vans to get sandbaggers from meeting points to the flood sites and gave employees time off to help with the sandbagging effort.

Over the years, car manufacturers have encouraged ethical business practices by monitoring dealerships through customer surveys. Many manufacturers compensate dealers for good survey scores. Almost all manufacturers limit a dealership's growth if they score poorly. Manufacturers and dealers often work together to increase customer satisfaction. If your vehicle needs service when it's out of warranty, the dealer and manufacturer may split the costs of repairs. Manufacturers also pick up a small portion of the expense incurred when dealers give out rental cars for customers whose repairs will take an entire day.

Increased training and some innovative bonus and rewards programs are also encouraging sales people to treat their customers better. In the last five years, NADA has started a certification program that consists of a three-day training class aimed at making the sales process less confrontational. Many manufacturers have a sales certification program that will pay incentives on vehicles sold if the salesperson is certified. Lincoln Mercury's certification program consists of training and testing at least four times a year.

The term "ethical car dealer" isn't the oxymoron it used to be. Cultural change in an organization may take several years, but many dealers are working hard to combat a surprisingly strong and unyielding stereotype built on an older generation's unfortunate behavior.

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