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JM Family Forced to Reduce Work Force But Continues to Focus on Helping Dealers

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DEERFIELD BEACH, Fla. — Even though JM Family Enterprises recently announced it is undergoing an organizational restructuring, including layoffs, in response to the recession and auto industry troubles, one of the company's top executives indicated to Auto Remarketing that in many areas, JM is still going strong and helping dealers weather the market downturn.

Basically, the reorganization will include reducing the company's current work force by about 500 associates, or 11 percent, throughout all levels and business, officials said in a recent statement. This includes 110 voluntary separation packages offered in late February at its vehicle processing centers and parts warehouse in Jacksonville, Fla., and Commerce, Ga.

Some associates will be offered other roles within the company in positions "that have been re-evaluated to meet the needs of a dramatically different market." For the majority of remaining associates, salaries will be reduced, executives reported.

Colin Brown, president and chief executive officer of JM Family, explained, "Consistent with the culture of our company, every associate affected by this restructuring will be treated with the utmost dignity and respect.

"Because we genuinely care for our associates and each one has been a part of our success, these actions are extraordinarily difficult yet necessary to ensure the long-term stability and health of our company," he continued in the statement.

According to Brown, the organization has been built over time to support an industry selling 16 million new vehicles each year. Now that the market is selling only 10 to 12 million, this forced some difficult decisions.

"Given these unprecedented challenges, we have had to make some of the toughest decisions in the history of our company," Brown noted. "Over the past year we have implemented a wide range of cost-savings initiatives and taken many different steps that allowed us to delay for as long as possible any decisions that would affect the jobs of our associates."

And he explained that due to the cost-savings' measures — including a hiring freeze, suspension of all merit increases and annual bonuses at all levels, in addition to decreased retirement plan contributions — job losses "were not as large as they might have been."

For associates impacted by this reorganization, JM Family said it is providing "generous severance packages, including approximately one month of pay for every year of service, with a minimum of three months and a maximum of 24 months; extended health benefits; automatic 100-percent vesting in company-provided retirement plan accounts; and outplacement assistance."

Recognizing that dealers are also suffering through these difficult times, Michael Casey, vice

president and general manager of Sales and Field Service for JM&A Group, outlined some of the initiatives his company is undertaking to help these auto professionals remain strong through the market decline.

When asked what challenges dealers are currently facing, Casey told Auto Remarketing, "Declining sales volume, cost controls and uncertainty surrounding funding sources are challenges facing dealers. In relation to F&I, consumers are facing challenges in obtaining enough financing equal to pre-credit-crunch levels.

"The issue is not credit availability, but rather lenders have increased levels of down payment and interest rates," he pointed out. "During the past 10 years, buyers have had the advantage of purchasing vehicles with little money down at very low interest rates. Lastly, funding for subprime buyers has been significantly reduced as lenders tighten credit standards."

To help dealers he said JM&A's Performance Development Center provides consulting on the used-vehicle sales process and inventory mix control.

Furthermore, despite the restructuring, Casey said, "JM&A has approximately 50 associ-



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JM&A Group

ates dedicated nationwide to the development of dealerships’ fixed operations departments. Having learned over 15 years ago that fixed operations is a major factor in customer loyalty and CSI, JM&A positioned this field team to ensure that dealerships are operating at peak efficiency.”

Additionally, he said JM&A Group is continuing to offer a written \$200 guarantee for dealer customers who sign up for the company’s services through April 30.

“Participating dealers will receive a 30-day credit analysis of the store’s current performance, followed by hands-on, in-store training. At the end of the in-store training, dealers that follow JM&A Group’s success formula will see an increase of at least \$200 per retail finance deal, aggregated over the 90-day period,” Casey explained to Auto Remarketing.

“If that improvement is not achieved, JM&A will write the dealer principal a check for the difference,” he pointed out. “Our goal is to improve F&I performance, where 70 percent of a dealership’s income that is generated goes right to the bottom line.”

So how can JM&A offer such a deal? According to Casey, it’s due to the expertise of the company’s field sales associates and JM&A’s vast 30-plus years of experience in F&I training and consulting.

“With dealership traffic at its lowest level in years, helping dealers drive traffic from their existing customer base is an area of focus for our Performance Development Center,” he went on to explain. “By segmenting a dealer’s customer database, we have the ability to target existing customers to help drive marketing messages. For exam-

ple, we have the ability to identify when a customer reached an equity position with their existing retail installment contract and target a message toward that customer.

“We are finding that there are a significant amount of new-car sales opportunities embedded in their data, and dealers need only to learn the processes needed to capitalize on those opportunities,” Casey remarked. “Our training provides dealers with the knowledge and tools for today’s market.”

Finally, the executive said that JM&A is currently in the process of launching its new data segmenting program called Sales2 for its dealer customers.

“By launching this proactive vehicle sales process, we believe our dealers will see an increase in vehicle sales and their customer service and loyalty will improve,” he noted.

“We recognize that most customers are accessing and shopping for vehicles via the Internet more and more. In response, we have developed a comprehensive process-driven program to help dealers address this growing channel of customer inquiry,” Casey concluded.