

DEALER

USED CAR

A TOUR GUIDE

The Editors Of The Major Price Guides Offer Insight Into The Used Car Market

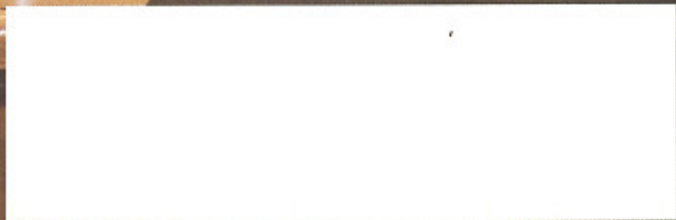
A PROTECTION PLAN

A Look At Some Of The Major Players In The Warranty & Service Contract Industry

NIADA
Post Convention
Wrap Up

Raising The BAR

Texas Dealer Robert McDorman Wins NIADA's National Quality Dealer Award



USED CAR DEALER

COVER STORY

34 Maximizing Opportunities

Texas' Robert McDorman Wins NIADA's National Quality Dealer Award

FEATURES

12 Insight You Can Book On

Guidebook Officials Assess The State Of The Used Car Marketplace

22 Premium Products

An Examination Of Your Options In The Service Contract & Warranty Industry



37 The New Team

A Look At The New Executive Committee Officers Elected At The Nashville Annual Convention

38 Nashville Notes

NIADA Boasts Large Attendance For Its Annual Convention In Nashville

COLUMNS

8 From The President

New NIADA president empowers the association's executive vice president

10 A Few Thoughts

NIADA officials create councils to facilitate progress

DEPARTMENTS

40 Dealer Profile

Mississippi dealer grew up working for his family's grocery store before trying his skills in the automobile industry

42 Financial Matters

Tips for passing on the business and why you might give direct mail a second chance



44 Technically Speaking

The latest automotive dot-com and Internet news



NIADA National Quality Dealer Award winner Robert McDorman.

COVER PHOTO BY DON RITTER

IN EACH ISSUE

6 Frontline

- Virginia IADA State Executive Receives Special Honor
- New Mexico Dealers Fight Back Curbstoners
- Leedom & Associates Takes Over NIADA Dealer Twenty Groups
- ADESA Adds Another Auction
- NADA And USA Today Announce Dealer Innovation Award
- Washington Governor's Transportation Plan Would Increase Used Car Sales Tax
- Counterfeit Checks Used To Steal Cars
- Talk About Driving And Cell Phones



- NIADA's Refrigerant Replacement Program Heats Up With Warm Weather

58 Late Braking News

Our monthly last minute roundup of industry news

Maximizing Opportunities

by Dave Scott

Texas' Robert McDorman Wins NIADA's National Quality Dealer Award

In a strange twist, the 2001 NIADA National Quality Dealer the man recently honored for his success and progressive business practices as an independent used car dealer, is about to become a new car dealer.

But Robert L. McDorman Jr., who owns and operates three dealerships in and around Beaumont, TX, on the Gulf Coast, isn't buying the new car dealership because there's more profit

in new cars, or that he might like selling new vehicles over pre-owned ones, or that some people think there is more prestige in owning a new car dealership than with a used car lot.

No, McDorman says he and his partner have signed the purchase agreement on a Chevrolet dealership for one reason - to help them sell more used cars.

McDorman obsessively tracks every customer that comes to his three lots. They sign in and then a manager follows up with a telephone call, thank you note and a survey card. The customers receive a \$50 restaurant gift certificate if they complete and return the card. Those responses are what drove McDorman some 15 months ago to begin shopping for a new car store.

On an average month, he says, 300 customers visit each of his stores. Eighty of those will buy a car. Of the remaining 220 non-buyers, 48 will go on to purchase a car from a competitor.

"It is incredible that we miss that many," McDorman says. "With all the things we do to serve our customers, how can we still have this many that slip through our fingers?"

The answer was on the survey cards. Almost all of the customers who bought somewhere else were unable to obtain financing at McDorman's (continued on page 36)



Robert McDorman saves his customers to find ways of improving his business

Maximizing Opportunities

dealerships. And that didn't sit well either with McDorman, who has a large in-house finance program that typically covers some 1,600 cars in a \$1.5 million portfolio.

McDorman realized - just as many independent dealers have - that too many credit and finance companies will not do business with independent dealers. Regardless of dealers' track records or financial strength, they are too often spurned by many major credit companies.

But not so with new car dealers. They automatically are approved by most credit companies, plus they have access to the credit arms of the giant automakers, McDorman said.

"This is just another tool in my toolbox," said McDorman of his plans to purchase the Chevy dealership, which he hopes will be finalized this summer. "I will always be an independent dealer." And he hopes his move will get the attention of some of the credit companies.

"I can only finance so much and it kills me to lose customers just because they can't get financing because we're an independent," McDorman said. "I had to buy a new car dealership to get their attention, but I'm going to ask a few of these lenders about that policy. I'm going to tell them that maybe there are other independents out there that deserve their business. I mean, they didn't lend to me before, but they will now. But guess what? I'm still the same guy."

That "same guy" is a native of LaPorte, another town nestled on the Gulf of Mexico. McDorman's first introduction to the car business came during junior high when he began washing cars at a dealership near to his home. From there he began stocking shelves at an auto parts store and by the time he was a senior in high school he was working two jobs. At the age of 20, McDorman took his life's savings and combined it with a small loan to purchase an auto supply store and in five years monthly average gross sales quintupled to \$116,000.

From there McDorman moved to car sales, working at several different

dealerships during the 1980s. Then, after a short stint at a local auction house, McDorman and his wife Meshell purchased a used car dealership in Vidor in 1992.

McDorman says the career move and acquisition wouldn't have been possible without Joe Penland, who served as a financial backer for the acquisition and remains a trusted partner. McDorman said he and his wife had \$1,200 to their name, but Penland loaned them \$50,000. "We have sort of a father-and-son relationship," McDorman says. "I tell people

HE WAS A DOUBLE EAGLE AWARD WINNER LAST YEAR FOR HIS EFFORTS IN MEMBERSHIP RECRUITMENT AND ALTHOUGH HE HAS NEVER HELD ANY LEADERSHIP POSITIONS AT THE STATE OR NATIONAL LEVELS, MCDORMAN HOPES THAT WILL CHANGE.

that when my life is over, if I've been 10 percent the man Joe is I'll be happy." With the dealership renamed 1st Choice Auto Sales, McDorman revitalized sales, growing them from an existing average of 14 a month to the current 70 sales each month. The business also includes a 10-bay service repair shop, finance company, wholesale company and a recovery company.

McDorman expanded twice in 1999, adding first a dealership in nearby Beaumont and then another in Nederland. The two businesses operate under the McDorman Motors banner. The three entities sell on average some 220 vehicles a month and put McDorman Motors in the top five lien holders in its region.

The company employs 106 people, whom, on average, have worked for him for seven years. One of those employees is Mike Chandler, who was a salesman at the dealership where McDorman worked

as a kid washing cars.

"We have very minimal turnover," McDorman said. "We pretty much have people standing in line to work for us, but we only hire people we have some sort of relationship with and I'm a firm believer in promoting from within."

McDorman also is a firm believer in customer satisfaction. One popular program has his dealerships give free oil changes to in-house finance customers for the duration of their finance contract. "I'm a very giving person," McDorman said. "I don't have a greedy bone in my body and I think that spills over to how we treat customers and how they think about our dealership. If I say something, I do it. If a car needs fixing, we fix it, no matter what the cost."

McDorman is a strong supporter of NIADA. He was a double Eagle award winner last year for his efforts in membership recruitment and although he has never held any leadership positions at the state or national levels, McDorman hopes that will change.

"I'd be honored for them to call on me," he said. "It's a great organization that brings a lot of benefits to all dealers. I don't think the dues are high enough." His strongest views are on education and training. McDorman says the industry needs to raise the bar of expectations for its dealers.

McDorman and his wife also are active in the community. They are heavily involved with their church as well as their local Better Business Bureau. They are especially pleased to be able to help support a local home for wayward girls. The McDormans, who have three teen-aged daughters, financially sponsor a room at the home. McDorman also has started an unofficial program where his company hires a local high school student who is at risk of dropping out of school.

"Our minister asked me in front of the congregation one time why I want to help kids like that," said McDorman, who never attended college, "and I had to say it was because I used to be one of those kids." ❏