



**Client Spotlight**

**Mercedes  
store**



## - Background:

This client is a single-point, family-owned Mercedes-Benz dealership in the Pacific Northwest. The out-of-state owners are not in-store operators. When comparing sales and financial results with other Mercedes-Benz dealers, ownership realized the store was underperforming. When questioning the results with in-store leadership, the General Manager didn't provide plausible explanations or plans and initiatives to correct the course.

## - Engagement:

Mach10 Automotive was retained to perform a wholistic 360-degree analysis of the business. Mach10's assessment included personnel, business management, and facilities.

Mach10 was contracted to create a comprehensive business improvement plan to address leadership development and operational inefficiencies, providing the dealership with the necessary tools and processes to drive success. A key element was to create a pathway through which ownership would have complete visibility of dealership performance, providing insight into the progress of the initiatives they signed off on.



# - Recommendations and Results:

A sample set of some of the recommendations and results Mach10's engagement has resulted in:

## **Business Management / Management:**

It quickly became evident to the Mach10 team that the store was void of leadership both in the General Manager and Service Director positions.

Mach10 recommended the General Manager of 25 years be replaced.

With Mach10's coaching and mentoring, the Sales Manager was promoted to General Manager.

Mach10 recruited a Service Director candidate who was hired.

As no prior budgeting had been performed for the business, the Mach10 team provided the new GM and ownership with budgeting tools. We coached the client on how to use the tools and how to financially plan the business.

Our team provided the owner with a proposal on how to reconfigure the showroom and customer lounge to optimize space and improve customer experience.

## **Sales Operation:**

The Mach10 team put together and implemented a comprehensive training plan that was personalized based on skillset/experience.

Using a national average of 8 units per salesperson per month, Mach10 recommended that the dealership increase its sales team from 2 to at least 6 members to achieve their goal of 40-50 units monthly.

## **Inventory Management:**

At the start of our engagement, the new car inventory was only 17 units. Through strategic guidance considering model/mix/turnover rate/local demographics/competition, our team helped facilitate an increase in inventory by more than 300%. Additionally, we improved the quality of pre-owned inventory, enhancing both vehicle standards and profitability. As a result, gross profit on pre-owned vehicles has risen by an average of 27%. A reduction in aging inventory, and reconditioning timelines were shortened, resulting in faster vehicle turnover.

**Finance and Service:**

After a thorough evaluation of the F&I department, Mach10 introduced a new suite of Finance and Insurance products that provided better solutions for customers while strengthening client retention for the Service Department. This strategic shift significantly improved profitability, increasing the PVR from \$1,000 to over \$1,800 in a 6-month period.

**Marketing:**

A thorough analysis of the dealership's historical media spend was performed. Mach10 proposed a strategy that was adopted to better align with today's consumer shopping habits, considering digital and online options. This included partnering with more targeted and effective media outlets to reach the right audience. Additionally, new lead generation technology solutions were introduced to capitalize on an enhanced digital presence and to manage leads more dynamically.

A campaign was proposed to promote service, including seasonal specials to increase overall RO count.





**Employee Productivity and Satisfaction:**

A comprehensive training plan was developed and implemented across all levels of the dealership, including Salespeople, Finance, the Used Car Manager, and the General Manager, which included one-on-one leadership coaching. This training was delivered through a combination of in-person sessions, remote support, and Mach10's "train-the-trainer" approach.

By equipping leaders to actively coach and develop their own teams, the dealership has established a foundation for sustainable, ongoing improvement and measurable results. The dealership reported greater alignment across departments, with staff supported and empowered to handle customer interactions and improve the overall customer experience.

**Fixed Operations:**

A recommendation was made to suggest upselling or service recommendations during the write-up process, based on the vehicle's history, the manufacturer's scheduled maintenance guidelines, or any visible needs, such as tire condition. The recommendation was implemented with revenue and profitability increases.

On our recommendation, a new video-based, multi-point inspection technology process tool was acquired, which improved dealer performance and customer experience.

The KPIs show growth across all areas reflecting Mach10 working closely with the dealer's new Service Director, addressing opportunities for improvement:

Activity	MAR '24	OCT '24	Difference(%)
RO's written	395	444	+12
Total hours sold	1422	1634	+15
Total parts and labor sales	\$519,182	\$629,934	+21
Total "Customer Pay" parts and labor sales	\$264,934	\$363,700	+37
"Effective Labor" rate per hour - all labor types	189	\$202	+7
"Effective Customer Pay" labor rate per hour	\$203	\$218	+7
Parts Sales	\$312,669	\$376,083	+20
Gross margin retention (from parts sales)	\$94,988	\$136,250	+43
Gross margin retention	31%	36%	+5

By implementing a tailored strategy that included leadership training for the new GM, process adoption, targeted training, and improved internal communication, the dealership has successfully navigated the transition period. The dealership is now more efficient, with streamlined operations, improved profitability, and a stronger leadership team.

