

Important and Urgent: Implement a Policy and Procedure Manual

by : Gil Van Over

Going back a generation, to when my carefree world revolved around attending class and ballgames, studying and attending ballgames, figuring out life and attending ballgames, I learned a valuable lesson about the difference between important and urgent.

It was important for me to stay current with my study schedule. If I failed to do so, it became urgent to pull an all-nighter trying to cram eight weeks worth of work into my mind the night before the final exam. When I paid attention to the important, I got good grades. When I let urgent take over, average or worse usually resulted.

With the industry in its slowdown mode, clunkers aside, dealers have made many sacrifices to stay in business. Staff has been cut. Non-revenue producing activities are put aside. You may not be your local advertiser's best friend right now.

As consumers are struggling in today's economy, an increasing number of them are filing lawsuits against dealers alleging some sort of deceptive practice. An important task is to establish a compliance program to help deflect the increasing number of lawsuits. A critical component to establishing a compliance program is to create and implement a policy and procedure manual.

How to

The process of creating and implementing a policy and procedure manual is pretty straight forward. First, review the process you are creating the manual for. Within the process, identify the points you want to include in the manual and create an outline of how the manual should look. For example, you may decide to include a section that discusses identity theft.

Next, provide some background information on each topic, or why it is important to know this information. In our identity theft example, you may want to point out that ID theft is the fastest growing crime in America, that the dealership is at risk of inventory loss with identity theft, and that federal rules require that the dealership have a program to detect and deflect identity theft.

Finally, provide a process map on how the employee is to manage the process. With identity theft, the process map would show the capturing of an acceptable government identity, a common sense review of the credit application, a review of the electronic detection of red flags and the appropriate answering of out of wallet questions if warranted. Or it may simply refer the reader to the dealership's Red Flags Rule policy.

Reasons

A properly crafted and implemented policy and procedure manual has several benefits to the owner, including:

- Sets the process expectations in writing and obtains employee acknowledgement,
- It is one of the critical components of a compliance program based on a model established by federal rules and sentencing guidelines,
- Improves the process flow since more decisions can be made without the owner present, and
- Can be an important piece of evidence in defending the dealership against lawsuits.

Process expectations

Martians are rumored to be able to read minds, but mere humans certainly cannot. Unless you tell employees how to make the decisions as you want them made, don't be surprised if they don't always make the same decision you would.

However, if you tell them in writing how to do things, and they follow the guidelines, it will be as if they read your mind.

Compliance program component

The Safeguards Rule, the Red Flags Rule, and the Federal Sentencing Guidelines provide a model on what the government expects a corporate compliance program to look like.

Each of the three requires the following: Name a compliance officer; conduct a risk assessment; develop a policy and procedure; train employees on the policies; and regularly audit the process and implement corrective action

Improved process flow

Your employees are easily confused. Unfortunately, you are sometimes an unwitting contributor to this confusion. Your employees are confused whenever you make different decisions based on the same fact patterns. Your employees are confused whenever they are faced with a situation for the first time and you inadvertently give a flip or off the wall answer. Your employees are confused whenever the same question is posed to three different managers and two give conflicting answers while the third one TOs the question to you. One way to help improve the decision making ability in your dealership, and as a result, improve your process flow, is through the creation and implementation of a policy and procedure manual. Many of the decisions to questions you will be asked can be laid out in the manual, and once employees are trained on the manual, they can make informed decisions.

Evidence

Finally, being able to show a judge and jury that you have a policy and procedure manual can certainly help to deflect claims brought against you by the dark side.

You categorically state that a certain action is against your policy. If an employee who has read the policy and agreed in writing to abide by the policy subsequently decides to violate your policy, you have a rogue employee – not a flawed owner.

You can take care of the important things right now and establish the basis for a passing grade when attacked by the dark side. Or you can place the urgent call to your attorney and insurer when served with a lawsuit that you may not have a defense for.

Gil Van Over is the president and founder of gvo3 & Associates, a national consulting firm that specializes in F&I, sales, Red Flags and Safeguards compliance and training.