



Staying in Control

At The Suburban Collection, the magazine's F&I Dealer of the Year, it's all about controlling what one can control in today's economic environment. Find out how compliance and lender relationships have put the dealer group on pace for another banner year.

BY KRISTEN FORCE

The more one talks to the people behind the 14th largest dealer group in the nation and this year's F&I Dealer of the Year, the more one understands why The Suburban Collection celebrated 60 years in business last year. It's all about the X's and O's.

While recognizing the challenges ahead,

Gary Allgeier, finance director for the Troy, Mich.-based dealer group, said the only thing the group is focused on is controlling what it can control.

"I sat through several dealer meetings with manufacturers at the NADA (National Automobile Dealers Association) convention and my takeaway was no one is going to plow the field for us," he said. "We need to figure out our



own destiny. And instead of relaxing the bar this year, we're actually raising the standards so our processes get better."

It's that type of mindset that allowed the dealer group to celebrate its 60-year anniversary in November with the best year for sales, financial services, body shop, service, and parts. "There isn't a department that didn't hit a record," said Allgeier.

Branding F&I the Suburban Way

The Suburban Collection started out as a single Oldsmobile dealership in Birmingham, Mich. Today, it has 30 brands and 43 locations throughout Michigan and south Florida, and touts the No. 1 Saturn and Volvo stores in the world.

And while the economic environment last year claimed dealers at an unprecedented pace, The Suburban Collection achieved same-store sales increases for all of 2008. Amazingly, it did this when leasing, which represented 70 percent of the dealership's deals, fell out of favor.

The key was the dealer group's ability to develop a cross-selling approach to accommodate all needs. If a new lease can't be supported by the customer's current brand, the dealer group is able to offer comparable vehicles from its other stores. According to Allgeier, it was the first time stores across the dealer group worked so closely to put deals together.

"We really work hard at branding the finance and lease contracts we originate to the point where lenders

DEALER PROFILE

Dealership Name: The Suburban Collection
Years in Business: 60 years
F&I Employees: 45 full-time producers
Annual Revenue: \$1.2 billion
Technology Providers: ADP, DealerTrack, EDS, Infiniti Net, Reynolds and Reynolds, and Wilson Technologies
Compliance Training: gvo3 & Associates

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understand the customer and collateral are properly represented," Allgeier said. "In fact, our relationships have gotten even stronger in the current economy. And we continue to ask for additional programs to differentiate ourselves in the market, and they've responded."

And with 50,000 active leases and pools of customers coming back into the market all of the time, Allgeier said the dealer group worked hard to find products that not only resonated with customers, but with lenders as well. The key, said Allgeier, was communicating the value proposition and the financial stability of its providers to the 50 lenders and 18 lease sources with which it works.

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es, so we're still in the leasing game," said Allgeier. "But the biggest thing we did was tailor-make products that better fit customers whether they're leasing or buying."

The two products it identified were appearance protection and wheel-and-tire coverage, which the dealer group added to its product presentations two and a half years ago. And in that time, the dealership went from zero to 15,000 coverages sold last year.

It's that kind of foresight and business acumen that has impressed the dealer group's business partners. "Chase values its long-time relationship with The Suburban Collection," said Mary Kay Bean, a spokeswoman for Chase, which now operates as the financing arm for Mazda, Subaru and Saturn. "It's a top-notch organization, and we work well together to support each other's business interests."

Leveraging Technology for Compliance

Testimonials like the one from Chase's Bean isn't surprising considering the work The Suburban Collection puts into getting things right. "Lenders only have so much capital, so much origination pools they are

able to operate on," said Allgeier. "I've had some lenders even tell me specifically that they are not going to do business with people that aren't doing business the right way, and we don't ever expect that to be us."

At The Suburban Collection, new hires know from day one how important compliance is. In fact, the compliance discussion starts during the interview process. And when checking references, the dealer group will even query lenders about potential new hires to make sure they have a good history with lenders.

"We built the tracking internally to be able to reflect the result of certain activities. So if the desk manager left a \$10 payment range, what was the result for front-end and finance profit? We do all of this because we know the financial services offices will be driven around making sure we operate in a consistent and compliant environment."

To further ensure compliance, the dealership employed Wilson Technologies to automate all human resources activities, as well as the 40 requirements for new-hire orientation.

Allgeier even helped develop a 101-page compliance manual with gvo3 & Associates. The compliance strategies provider also helped the dealership roll out a comprehensive compliance program. It also conducts internal audits of deals put together by the group's F&I managers. Allgeier and his team also conduct their own audits.

Additionally, The Suburban Collection instituted an internal tracking system that allows management to see how certain processes impact performance. As Allgeier said, compliance and performance go hand in hand.

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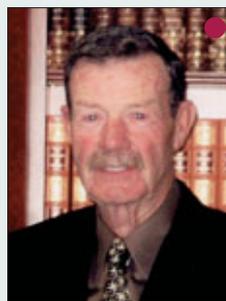
Standing together after being recognized as 2009 F&I PaceSetters are Gary Allgeier, The Suburban Collection, and Joe McCloskey, McCloskey Automotive Group.



The Suburban Collection's David Fischer attributes the dealer group's successful 60-year history to its nearly 1,500 employees.



Standing with Mark Miller Toyota's Mark Miller, F&I PaceSetter of the Year, are (L-R) Jason Richardson, regional manager of the American Financial and Automotive Services, Danny Van Gesen, F&I director for Mark Miller Toyota, and Bill Neimann, the dealership's general manager.



F&I PaceSetters Robert C. Gregory (pictured) and Terry A. Gilmore of the Temecula, Calif.-based Paradise Chevrolet Cadillac



F&I PaceSetter Leo L. Bunnin of the Oxnard, Calif.-based Bunnin Automotive Group



F&I PaceSetter Josh Dreiband of the Owings Mills, Md.-based Northwest Honda & BMW



Above (l-r): Gary Allgeier, Mark Buday, Dennis Barrera, Scott Tekeley, David Fischer Jr., and Dominic Carroll at Suburban Toyota, the top financial services store in the dealer group. Above right (l-r): John Gerrard, Brian Huck, Angelo Giordimaina and Allgeier at Suburban Volvo, the No. 1 Volvo dealership in the world. Right (l-r): Allgeier is flanked by Carroll and Ray Borg, the top two F&I producers in the dealer group.



nance profit?" said Allgeier. "We do all of this because we know the financial services offices will be driven around making sure we operate in a consistent and compliant environment. It's not only the right way to do business; it's the only way to do business."

It's this business outlook that has grabbed the attention of many in the automotive business. "Our partners at The Suburban Collection have taken deliberate steps to leverage technology, to increase productivity, and to drive the group's profitability," said Rick Von Pusch, senior vice president of sales, marketing and international for DealerTrack. "They have identified and implemented steps to increase transparency and compliance within the F&I and sales process, all while enhancing their customer experience."

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Taking a Granular Approach

Allgeier predicts that the increasingly litigious environment will continue, but said the dealer group is ready for whatever is thrown its way. The key, he said, is taking a granular approach to business.

"While the mantra for companies has been to 'go global,' I credit much of our success to 'going granular,'" Allgeier explains. "We consistently inspect our sales processes through Internet, phone and walk-in shoppers. We are constantly working on refining our financial services presentations through 'Hot Seat' training."

Controlling what it can control remains an effective strategy for The Suburban Collection. And although headquartered in a state with the highest unemployment rate, Allgeier said he expects per vehicle retail (PVR) and new-car sales to be up in 2009.

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Allgeier's take on the challenges ahead are music to Chairman and CEO David Fischer's ears. "The part that makes my job easier is getting to work with people like Gary, and seeing this business grow. And it grows because of the 1,500 or so people we have," he said during the magazine's F&I Dealer of the Year ceremony at the NADA Convention in January. "The second piece of it is, it's war out there. You look at what we went through last year with the Congressional hearings. One automaker executive even said to me, 'Our expectations are so low, we might actually achieve them this year.'

"When you think of where we've been, where we want to get to ... we started with one Oldsmobile dealership and now we're talking to Chinese companies. It's different. It's unbelievable. But I really believe we have the right people for the job." ■