

## Ah-Ha! Moments: Why Full Compliance May Require a Culture Change

by : Gil Van Over

You would normally think that a 50 percent increase is a good thing. I always thought so, at least until my wife dragged me, kicking and screaming, to the doctor's office.



My blood pressure had increased 50 percent year over year, both the bottom and top numbers.

I guess that's a sign of too many good steaks and butter-laden baked potatoes. I suppose that my \$750 annual membership to Gator's Fitness Center, which ended up costing me \$250 per visit, hasn't helped either. I think my passion for Grande Carmel Macchiatos and 48-ounce Dr. Peppers has caught up with me.

What an Ah-Ha! moment. Your doctor tells you that you're a walking stroke!

And it's not like I didn't know better. High blood pressure swims in the family gene pool. I hear a story about high blood pressure every sweeps month from the local talking heads. The corrective actions are widely published.

So now, I'm taking medicine that sends me to the urinal like a racehorse. I'm back on a reasonable diet. I've started to cycle and run and stair-step again.

My blood pressure is back under control. Both my doctor and life insurance agent are happy.

My situation reminds me of what dealers face every day from a compliance perspective. You are under constant, unrelenting attack and scrutiny. Monthly reports from Denver, LA, Florida, Texas, New York, Virginia and all points in between show that the media is hungry to run pieces about you—and they don't let the facts get in the way of ratings.

Regulators receive complaints about dealers on a daily basis. Some come from consumers, some from lending institutions. Warrants, affidavits and search warrants often follow.

This year, 40,000 lawsuits have reportedly been filed against dealers.

Yet, many dealers do not implement a compliance program until...Ah-Ha!...it happens to them!

An Ah-Ha! moment helps to accelerate a culture change within an organization. But how can you encourage a culture change within your organization if you and your team have not experienced an Ah-Ha! moment? Change requires a process. Change is a process. This process includes expectation, education and execution.

### **Expectation**

Employees want the boss to tell them what the boss expects them to do. Most employees don't like to play the guessing game of trying to figure out what the boss wants. The employees practically scream, "Tell me what you want me to do!"

So tell them. Not just verbally, because that takes a lot of effort on your part. If you have 500 employees, and it takes an hour to tell each one what you expect...you do the math.

Tell them by publishing an employee guide and a policy and procedure manual. The employee guide should contain the standard human resources materials such as dress code, company computer usage and time card reporting. All employees should receive one as soon as they join your company.

The policy and procedure manual must be specific to an employee's job. The F&I Manager should have one, the Sales Manager should have one and each sales associate should have one. This manual outlines the specific objectives and operating processes for the position.

These manuals help to communicate your expectations and provide the basis for decision-making while you are gone for the afternoon at a manufacturer's meeting.

A final point on expectations: Make sure that each employee signs an acknowledgement affirming that everyone has read the manual and agrees to abide by the policies set forth.

### **Education**

It's one thing to tell an employee what your expectations are, it's quite another thing altogether to expect that each employee instantly understands how to transfer that expectation into a daily job routine.

For example, you can tell an employee to comply with all state and federal laws as they pertain to that employee's job. Huh? What does that mean?

F&I Managers, for example, must comply with Truth In Lending, Consumer Leasing Act, Equal Credit Opportunity Act, Fair and Accurate Credit Transactions Act, federal and state deceptive trade practices acts, etc. ad nauseam.

You have an obligation to not only tell your employees what you want them to do, but also to provide training on how they should do it properly.

### **Execution**

Your process change is not complete. You've told your employees what you expect, and provided training on how to do it. Now you have to ensure that the employees are executing your expectations properly.

Many employees who have been involved in process change tend to take a jaundiced view of change. They will say: "This is just the trend-du-jour. It'll go away." Unfortunately, they speak from the fountain of experience.

Too many times, dealers put big initiatives into place. You make a huge splash of this new initiative—complete with kick-off meetings and big glossy posters. You may even make a commitment to it. And you might order a round of employee training to support it.

But too often these initiatives fall apart after a few months because no one follows up. No one inspects the execution of the process change. No one makes sure that the employees are doing things the new way.

Once you put a compliance program in place, make sure that you have someone periodically inspecting the output of the new processes to ensure your compliance initiative does not become another program-du-jour.

Chances are, if you are reading this, you already have a compliance program. I hope you do, and not

because you had an Ah-Ha! moment.

Do the industry a favor: Encourage your fellow dealers to launch their own compliance programs and avoid any Ah-Ha! moments.

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