# BI Review

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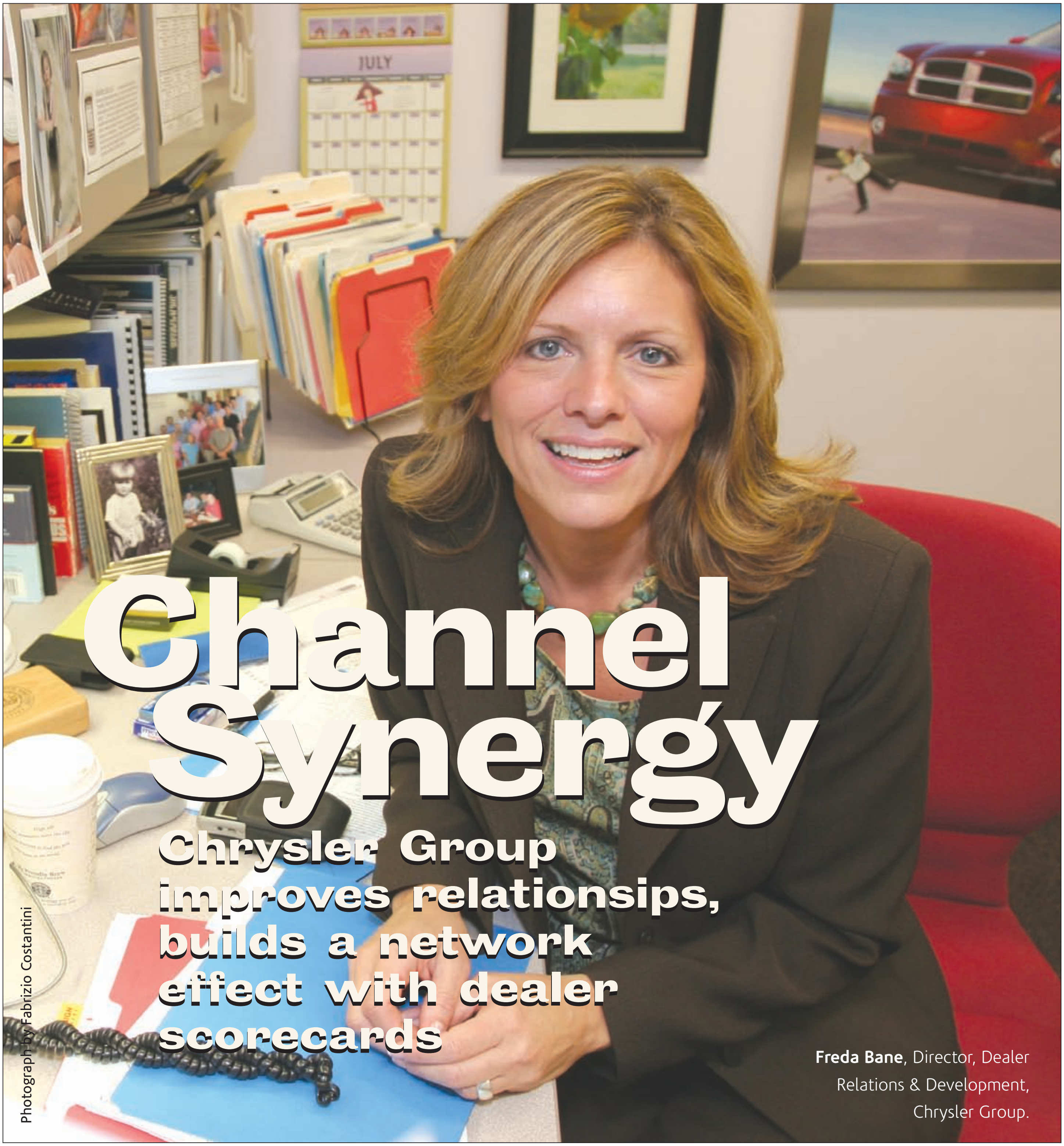
Information at Work




Photograph by Fabrizio Costantini

# Channel Synergy

## Chrysler Group improves relationsips, builds a network effect with dealer scorecards

**Freda Bane**, Director, Dealer Relations & Development, Chrysler Group.

# Channel

By Jim Ericson

As every indirect seller of goods and services knows, channel relationships are critical to financial success and require careful attention to ensure that goals, benchmarks and rewards are well understood by manufacturer and reseller. Because resale agreements between independent parties always include a bit of natural tension when it comes to product pipelines, expectations and performance, reliable shared data is the best unbiased arbiter of a healthy channel relationship.

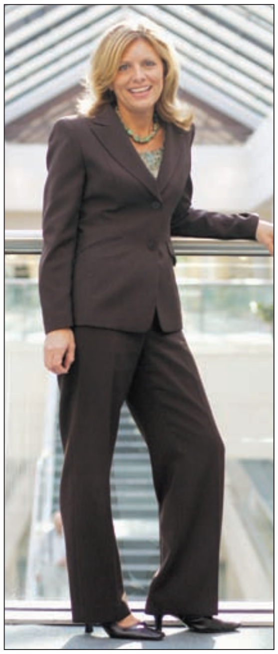
## The Three P's

Through a dashboard or a standalone report, the purpose of a scorecard is to connect a functional role or set of roles to actual performance against a set of established metrics. For a mnemonic device to remind us what a scorecard ought to represent, Colin White, president of research consultancy BI Research, offers "the three P's."

"The scorecard is performance data, people and plan," White says. "What you've got to do to be successful is bring the three P's together." The scorecard's obvious purpose is to compare actual performance against planned performance, but equally important is the ability to do something with the information. Telling a salesperson he is 20 percent behind plan is a way to turn up the heat but doesn't necessarily address the root problem, which might be cyclical or product related as opposed to some personal failing a scorecard immediately implies. "If you just give someone a bunch of numbers saying how well they have done, that's not a scorecard," says White. "The bottom line is if a scorecard isn't actionable, you're wasting your time."

A better scorecard, therefore, will provide some sort of guided analysis, a series of steps an individual can follow

The automotive industry offers a good example of a high-value resale channel. The Chrysler Group for example is built of DaimlerChrysler Motors Company LLC, its Mexican and Canadian subsidiaries and other international affiliates. These companies build cars and trucks under the Chrysler, Jeep and Dodge brands, offer parts and accessories under the Mopar brand, and sell these products in the U.S. through a network of more than 3,800 independent dealers. At Chrysler, the idea for a dealer scorecard arose as a way to measure and improve dealer performance at the corporate level, encourage collaborative efforts across the network and build better relationships all around. This is not a setting that requires any sort of near real-time information cycle, but a trustworthy monthly report that could be drilled into and used by all parties would be a valuable tool. An early iteration of the scorecard launched at Chrysler Group in January 2004, but the static PDF report was quickly found inadequate. That is when the mission fell to Freda Bane, Director, Dealer Relations & Development, Chrysler Group, and a new project commenced almost immediately.



"[The first iteration] was basically pulling information from a variety of legacy systems and spreadsheets and publishing that to our dealerships," says Bane. "The report wasn't interactive at all; there was no explanation behind the data and no drill downs." Another issue Bane uncovered was that parameters for "slices" of information had not been set, so inconsistencies that arose from sampling different time periods were misinterpreted as data that was flawed generally. It was quickly understood that this needed correction before management could effectively judge data or collaborate credibly with dealerships. By July of the same year, Bane embarked on a new project and engaged Latitude Consulting Group for support.

"Our marching orders were to take the existing scorecard, drill down to every metric and make it better," says Mark Place, principal consultant at Latitude Consulting Group. Just as any organization would leverage existing assets, Chrysler Group already had a couple of good things going when it redesigned the scorecard system. One was an existing sales and marketing data warehouse that would be leveraged for a data mart to contain everything pertaining to the new Dealer Scorecard. Even better, Bane and Place had collaborated on DealerCONNECT, Chrysler's robust portal in which dealers perform daily tasks that range from

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ordering cars and parts to fulfilling warranty service and arranging finance terms. One of the business requirements called for packaged software that could enable reporting more cost-effectively than in-house efforts, and Business Objects was chosen as the enterprise-reporting tool. This foundation would allow Place and Bane to plan for and address exceptions as they arose. "I knew from day one that requirements were likely to change as we got closer to launch, and sure enough, they did," Place says. For example, the original data capture problem of using information from multiple systems was addressed with a revision layer that allowed Bane to review reports before they were published, run hypotheticals, correct errors or unpublish if mistakes were encountered. The system was also dynamically configurable so weights for scoring metrics could be changed to accommodate changes. Using pre-configured software eliminated hard coding for last-minute requests. "Freda [Bane] could call me and tell me what they wanted, and in some cases, I could show her the results 10 minutes later."

For the scorecard itself, the team settled on six categories roughly matching functional areas in dealerships, (such as sales, service, parts, and financing & insurance) and 37 metrics that match the current and historical performance of customer satisfaction, profitability, working capital and other indicators. More than a dozen of these metrics were matched to the scorecard, where dealers are measured on a scale of 1-1,000, adjusted for size and region. Though the actual mix of weightings wasn't revealed, Bane says it was created with a combination of corporate and dealer goals and an open mind toward what-if scenarios. "We were looking for a good overview of our dealerships' health and performance," Bane says. "We wanted balance. We want our dealerships to sell as many vehicles as possible, but we also need to know they are taking care of customers."

## Sharing Success

Hebert's Town and Country Chrysler Jeep in Shreveport, Louisiana, is one of the larger dealerships in its region, run by Mark Hebert ('Ay-behr) and his father. Though he could conceivably work from internal data, Hebert finds it easier to use the scorecard as a monthly snapshot of targets and year-over-year performance on new car or parts sales, customer service scoring (fixed-first visit, etc.) or training requirements. "You could spend all day just measuring things, but it's nice to be a couple of mouse clicks away from some pretty good information," he says. "We do deeper dives from time to time, perhaps to see if the service department or body shop was behind a rise or drop in parts sales, but just to be able to click and look at key things is very beneficial." Reports are followed up with roundtable meetings that keep department managers on the same page. Hebert also tracks performance against similar-sized regional and national dealers and what they might be doing to get a different, better result. As a member of one of Chrysler Group's "Twenty Groups," he meets three times a year with other dealers from around the country to share composite information and talk about ways to improve performance. (See sidebar: "The Three P's.") "It might be a sales promotion that worked really well for someone; we'll talk about the marketing company used, whether direct marketing or radio worked well. We've found success together in ways that don't challenge the dealerships locally." As part of his relationship with

**to engage the problem in more detail. Along the way, our hypothetical salesperson might compare his regional performance to his product basket. "You'd look for a certain set of reports," says White, " and examine them analytically, drilling down from high-level data down to detail." It is up to managers to help employees understand what reports exist, what analytical steps might be followed and what best business practices should be assembled in a Web interface or desktop application.**

**If our salesperson has fixed his problem, that ends the exercise. If not, a collaborative effort ought to follow, which is why one of the P's is people, not person. White came across a process-driven portal created by a health care company that compares performance across key parameters, and refers underperforming salespersons to top performers in the same category for expertise. "Another thing they do is encourage top performers to enter information into the system on the best business practices that led to a success," White says. "I've seen managers in companies whose job has become to find best business practices in the organization and replicate them."**

Chrysler Group, Hebert confidentially shares some proprietary information with the manufacturer and can control his own managers' access to sensitive information through the DealerCONNECT portal.

At the corporate level, the same information offers guidance on performance and suggests ways in which district and field managers could collaborate with dealers. A joint executive council, which looks at dealer issues or advertising (such as Chrysler's new "Dr. Z" ad campaign) will typically pull reports for upcoming meetings directly from the Business Objects reporting system. "We can drill down to information on the actual vehicles sold," says Bane. "If a dealership isn't selling as many of a certain type of vehicle, it may be that they're trying to make a better margin. Though we never tell them what to charge, it gives a district manager the tools to identify areas where there might be a difference in approach or performance." Similarly, the report could suggest too much or not enough emphasis by a dealer on fleet versus retail sales. That this information might be used in the field by Chrysler Group CEO Tom LaSorda - who is known to make his share of personal visits to dealers - means that accuracy is paramount. That assurance comes from the single repository created for the scorecard and the ad hoc capabilities of the reporting tool. "In the old days if you wanted a report pulled, the message from IT was that it was going to take awhile," Bane says. "Now, folks on the business side can pull those reports for us."

Initially offered to U.S. dealers, the Dealer Scorecard is being extended to Canadian and Mexican Chrysler Group subsidiaries. While it is not to say that dealers and managers spend all day poring over the monthly report, with 150,000 registered users and 80,000 unique daily users in dealerships worldwide, the solution is speaking for itself. Regular governance meetings are addressing objectives for 2007 and any required adjustments to the scoring methodology currently being applied. This is all done with the support of higher executives at Chrysler Group. "You can't just go to the keepers of the data and tell them what you want to do; we had to get buy-in from the top," Bane says. "This involved our executive vice president, working at that level and having his final blessing on our point system, because he is also a user of that report."