

Managing change

PORTFOLIO MANAGEMENT: WR Davies' Nissan and Toyota sites were acquired from Greenhous this year



Jonathan Davies, managing director of mid-Wales based WR Davies, on how he has expanded the group's operations

Andrew Charman

The last two years have seen major changes for mid-Wales based family-owned dealer group WR Davies. In February 2015 the Welshpool and Newtown Ford outlets, established as the company's first major franchises in 1966, were sold to Shropshire-based Greenhous. Then in July 2016 Toyota outlets in Shrewsbury and Telford, along with Nissan's Telford franchise, were acquired from Greenhous.

WR Davies managing director Jonathan Davies, grandson of the company founder, feels the new outlets better fit the business' profile. He joined the group in 1992 to assist with the first expansion outside Ford, a process that has since seen the business acquire Toyota, Nissan and Citroën outlets in Stafford, and Renault/Dacia in Llandudno, alongside its remaining three north Wales Ford centres.

What was the rationale behind selling two of your businesses to Greenhous and then buying three in return? Greenhous felt our Welshpool and Newtown outlets would fit their profile and

put a proposal to us, which we considered for eight months before accepting – it was a big wrench to leave Welshpool where our first Ford outlet was established, and our head office is still in the town.

At that time we discussed the Toyota franchise. I knew Greenhous was having challenges with it and we have enjoyed long success with Toyota through our Stafford outlet established in 1992.

It would have been very difficult to operate on the Telford site without also taking on the Greenhous Nissan outlet, and we were familiar with Nissan again through our Stafford centre. The acquisitions fitted in with franchises we were already operating. It was a sensible move.

The centres had only been owned by Greenhous for two years, having previously been William A Lewis outlets. Two changes of ownership in such a short time must have left the staff unsettled?

Many of the sales and service staff were William A Lewis employees. From a customer point of view that's good as the continuity remains, though the name above the door has changed the faces they see are still the same which I think is very important.

Before we took over I toured all three dealerships

FACTFILE

WR Davies Motor Group

Established: 1924

Brands: Ford, Toyota, Nissan, Renault, Dacia, Citroën, DS

Locations: Llandudno, Llangefni, Rhyl, Stafford, Telford, Shrewsbury

Staff: 245 (107 in aftersales)

Ramps: 73



and spoke to every single staff member one-to-one to reassure them that we weren't going to come in and make major changes. We tried to be very open and not do anything to cause any shocks.

Obviously there will be changes, all groups operate



Measurable support and service so you can build on your profits

in slightly different ways, but it's about trying to take the best out of both businesses and finding a common way forward that works for everybody.

So far this seems to be working, all the staff we took on with the new businesses are still with us, and we are working with them to build the sales and take the business forward.

So much business success is measured in CSI scores – how do you maintain yours? You have to be open with your customers, make sure they are not just someone to sell cars to. You need to keep in regular contact with them and resolve any problems as soon as you can.

We think we provide quality customer care but we have to be seen to be doing that from a CSI score point of view. We have to be rigid with the processes, making sure of the follow-ups after handover and after service calls, ensuring everyone is completely satisfied.

All of the directors make our details available to customers and if there is a complaint we are perfectly willing to get involved and resolve it. Where there is an issue we try and turn it into a positive.

How are you keeping pace with the changing pace of marketing? Traditionally in each of our little groups of dealerships the sales manager and dealer principal would sign off and implement their own marketing strategy. But as marketing is becoming more sophisticated, with the rise of online and

social media, you need more specialisms, so we now employ our own in-house marketing managers.

Going forward we will need to develop this area and become more professional in it – it's a totally new but very exciting world, as you can now reach people you would never have previously considered targeting. But you do need to have someone suitably knowledgeable in charge as the costs can get out of control before you realise.

We make full use of social media, but it can cause issues. We had two examples of one-star reviews left on our Facebook page recently: with the first I was able to speak to the customer and put right their concerns, and they posted a much more positive review. On investigation of the second, which was over a used purchase, we discovered we had never dealt with the person concerned. This highlighted for me how much of a double-edged sword social media can be.

Do you think the concerns among some dealers regarding the FCA regulations were justified?

No, my impression is that these changes have been a good thing. Firstly with the FSA over insurance regulation, there was a lot of scaremongering but if you put the systems in place – and there are a lot of companies out there to help you with systems and processes – actually the regulation improves the way you do the business.

It was the same with finance and the FCA, there was much panic, but what the new rules have done is help us to produce a very specific finance offering. You now treat every customer in the same fair manner, and as a result you tend to sell more finance and insurance. You might not have the very big hits on some deals you saw before the regulations but overall it's a more consistent product and profit centre, and a good thing.

Are you confident for the future? Reasonably – despite some weakness in the market I believe it will maintain its underlying strength and so long as manufacturers are fair with us all and the targets are achievable we should be okay going forward.

And further expansion? There is nothing on the horizon – we are just building a new Nissan centre in Stafford that will open midway through next year. We were at the end of lease on our current site and major investment was needed from a Nissan CI aspect. That's the big focus for now. **MT**

Seeing change as a valuable opportunity to boost business



Mike Macaulay National Sales and Development Manager, AutoProtect

Change is clearly something that WR Davies sees as an opportunity. Their pragmatic and considered strategic approach is to be admired from their portfolio swap of franchises to the way they have adapted to regulation of financial services. The new regulation has helped them improve the way they do business.

Above all, through the changes the business reveals a very human approach to engaging with their team to get their buy-in and support.

I was particularly interested in Jonathan's approach to marketing and financial regulation. In both, he is alive to the positive customer impact/experience and ROI implications and opportunities.

It is a message that I am very passionate about. Embracing FCA changes and a shift in marketing/communication towards customer centricity in both spirit and letter can help the bottom line.

A little over a year on from the changes to the processes for GAP insurance and we see those dealers who have taken a progressive and controlled approach invariably increasing sales and creating a positive impact for themselves and their customers.

Financial changes have been mandated and dealers have had to react, but other changes such as the pressure on aftersales require dealers to chart their own course of action.

I like the internal competitive rivalry that WR Davies has established for service plans. Our own assessment is that there is plenty of scope to increase the sale of this vital CRM/LTV tool, especially within used cars.

With change and uncertainty a daily part of today's working environment, I expect Jonathan's pragmatic, caring approach will serve him well.

PERSONALFILE

Jonathan Davies

Position: Managing director, WR Davies

First job: Vehicle valet

First car: Ford Escort 1.6 GL

Current Car: Toyota Land Cruiser

Newspaper: Daily Telegraph

Book: "Whatever I'm currently reading"

Best business decision: "Deciding to get involved with the business in north Wales – it changed the scale of company and provided a solid base for growth"

Worst business decision: "Involvement in an internet company in the late 1990s that proved a wrong investment"

Downtime: Cycling, eating out, family and friends

Gadget: iPad



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