COME TOGETHER

AI and Machine Learning Help Break Down Silos and Optimize Performance

After years of working with all types of dealerships, I've been continually struck by the fact the most active idea mill in automotive retail resides in the Buy Here-Pay Here space.

When you think about it, though, it's easy to see why.

BHPH dealers wear all the hats: dealer, marketer, financier, business operator, employer. Because of that, the ROI for those business parts are key and tolerances are low.

The already rapidly changing auto retail environment and digital conversion have been accelerated exponentially by COVID-driven customer behavioral changes. Advancements in predictive data analytics and where it can be effectively used have transcended all business units.

One thing is for sure. BHPH teams cannot work in silos any longer and expect to properly harness the power of advanced predictive data decision management techniques.

Team performance is optimized when the dynamics of digital marketing to inventory to finance are overlapped and aligned. Once generally independent functions, those responsibilities – and, of course, the leadership that oversees all of it – are now a very interconnected, overlapping mix of key BHPH elements.

Marketing: Long gone are the BHPH days of relying on local credit-challenged folks to simply walk in, perhaps enticed by traditional local media.

Artificial intelligence/machine learning programmatic advertising platforms have already become the cornerstone of online marketing, and today's BHPH marketers must measure beyond the simple success metrics of volume and clicks.

Team members need to be working together to correlate their data market planning with the associated consumer "persona" preferences and creditworthiness of targeted customers throughout their entire business model.

Inventory: Acquiring and replenishing inventory will always include the simple fundamentals of "buying the right cars at the right price."

That said, the environment has changed.

Owning inventory solely because you bought it at the "right price" can ultimately be costly.

Extending your teammates' market and credit profile targets into your shopping list will better serve your inventory choices and result in better conversion and fewer days to turn.

Understanding that interrelationship helps you buy the "right collateral at the right value" for your business model. And for BHPH dealers, incorporating that inventory mindset across your organization increases efficiencies and reduces risk.

Finance: BHPH dealers have a bit of an advantage in the industry's changing paradigm because their business model has been credit-first all along. Today, all dealers are trying to shift to credit-first.

But the challenges to BHPH operators have increased – they have greater dependencies from business financiers to consider.

Also, teams working to acquire customers using advanced data and AI techniques are not served well in an F&I office using traditional credit methods. Millennials, recent immigrants, BHPH's usual share of "no-hits" and COVID reporting restrictions have exacerbated an already growing issue.

The traditional bureau file and score scorecard method, seeking length of credit history and the like, are now much less effective in surfacing the creditworthy and combating fraud.

Using AI decision management techniques to augment and build on traditional scorecards and processes aligns all team objectives to realize more accurate results.

Leadership: Today's BHPH business leaders should recognize that their business competitiveness, sustainability and ROI is directly tied to team collaboration and training on predictive analytics today.

Though incremental spend for those activities and processes might seem incongruent with current business model spending, it will pay off multiple times over.

Using predictive analytics to develop, train and demonstrate your organizational goals – short and long term – is very empowering to a team and fosters an environment of collaboration and ownership.

In the end, when a BHPH team implements and understands the interrelationship of predictive data in decision management across all responsibilities, it makes for a much more predictive business model and bottom line.

An AI/machine learning platform can help break down the silos by providing the additional data and dynamic intelligence to facilitate a common thread toward your organization's goals. ∎

Today's BHPH business leaders should recognize that their business competitiveness, sustainability and ROI is directly tied to team collaboration and training on predictive analytics today.

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