

BERYLLS BY ALIXPARTNERS INSIGHT

BERYLLS' RETAIL PERFORMANCE IMPROVEMENT PROGRAM

The key to maximizing your network's results

EXECUTIVE SUMMARY

Managing the automotive retailer network is a daunting challenge, fraught with complexities that can lead to underperformance. Market conditions can be unpredictable, staff may lack motivation, and leadership can be inconsistent. These factors create a landscape where some retailers struggle to keep up, impacting overall performance and customer satisfaction.

At Berylls, we understand these challenges deeply and have crafted a Retail Performance Improvement Program (RPIP) that is truly transformative. Our approach is different because it is holistic and collaborative, ensuring that both OEMs/NSCs and retailers work together towards mutual success. We don't just focus on isolated KPIs; we look at the bigger picture, leveraging best practices and data-driven insights to drive sustainable improvements. For example, our 360-degree analysis helps pinpoint areas needing optimization, while our tailored training programs ensure that every retailer can achieve their full potential. With Berylls' RPIP, you can expect not just incremental changes, but a profound impact on sales, customer loyalty, and operational efficiency. Together, we can turn challenges into opportunities and elevate your retail network to new heights.

Read on if you want to know more.



INTRODUCTION

Managing the automotive retailer network has always been a multifaceted challenge. The complexity arises not only from geographical differences but also from the industry's diverse retail landscape, which includes:

- » OEM-owned entities
- » Single-brand retailers within large, multi-brand groups
- » Multi-brand retailers
- » Smaller independent retailers
- » Retailers offering sales, aftersales, and equipment
- » Service-only operations

In recent years, OEMs have sought to exert greater control over their retail network by transitioning to an agency model. However, many are now reverting to the traditional wholesale-dealer model. Yet regardless of their preferred sales model, both OEMs and national sales companies (NSCs) – which are both the focus of this viewpoint – face persistent challenges in optimizing their retailer networks and managing customer-facing roles effectively to enhance their performance.

To address these challenges, it is crucial to adopt a holistic approach that considers the particular characteristics and needs of each OEM, market, and retailer network. This involves leveraging data-driven insights and fostering strong partnerships with retailers to drive mutual success.

The concept of retail performance improvement programs

RPIPs are not a new concept in the automotive industry. Various approaches have been implemented around the world, focusing on different aspects such as sales, aftersales, or service warranty businesses. However, many current programs fall short for several reasons. For instance, retail performance monitoring by brands is often underutilized, lacks clear goals, or fails to identify why some outlets perform better than others.

In some cases, the program may not even recognize underperformance. When goals are set, they are often flawed, being too focused on a single KPI, or too superficial, or not aligned with the necessary levers for change. Additionally, dealers frequently run their own initiatives, which may be biased toward creating advantages for retailers rather than for the OEM.

Our holistic approach

At Berylls by AlixPartners, we believe that only a joint program, considering both the OEM/NSC and retailer perspectives, can truly drive performance. Our approach seeks win-win solutions rather than optimization at the expense of one party. We have supported various brands in selecting the appropriate program at both HQ and NSC levels. Based on this experience, we have developed the following five-step approach.



FIVE KEY STEPS TO IMPLEMENT BERYLLS' RETAIL PERFORMANCE IMPROVEMENT PROGRAM



STEP 1

Execution of As-Is Analysis

- » External analysis identifies areas needing optimization and pinpoints where the brand's retailer network faces the most significant challenges. The analysis covers the whole retail business, from sales and aftersales to equipment sales.
- » Internal analysis assesses current initiatives related to retail performance improvement. Brands and their NSCs often start various initiatives that either have a dedicated focus, such as aftersales, or take a holistic approach. Understanding these different approaches will help align efforts and avoid duplicating work.

To kickstart **STEP 1**, we use our Berylls' 360-degree analysis, focusing on both external and internal factors while using quantitative data paired with qualitative insights. This enables us to define the brand's market position and the overall market landscape right at the outset, ensuring that the RPIP benefits both the NSC and the retailer and eventually includes performance levers for both.



STEP 2

Leverage examples of best practice

We have conducted numerous initiatives where collaborative discussions with our partners have enabled us to identify and analyze best-in-class practices. Our approach ensures that the most suitable options are selected for each OEM, aligning the performance improvement with the appropriate goals for retailers. While every RPIP must be tailor-made, leveraging best practices provides a solid foundation.

For instance, we have worked with brands which initially wanted to focus solely on aftersales parts sales. After discussing the benefits of a more holistic approach, we agreed with our partner to broaden the focus to aftersales as a whole. Conversely, some brands' RPIPs aim to cover every aspect of the retailer's business, risking a loss of focus on the most relevant measures. By refining the scope, our RPIP ensures a more targeted and effective program. Our best practices are also not limited to the automotive industry since we leverage our global, cross-industry knowledge.

STEP 3

Evaluate the right approach

Given the myriad possibilities, establishing the right framework for the RPIP is essential. The initial steps provide a comprehensive understanding of the current situation and examples from other players, which enable us to define the requirements for the program's roll-out. It is vital to develop the appropriate setup and approach to tackle the relevant challenges and achieve the RPIP's goals.

How Berylls designs a tailored RPIP

We jointly decide with our clients the various criteria that ensure a tailored RPIP that fits their brand and chosen target market (see below):

EXAMPLES - NON-EXHAUSTIVE OVERVIEW					
Concept	Program objectives	Holistic dealer performance	Sales focus	Aftersales focus	...
	Footprint	Global	Europe only	EMEA only	...
	Dealer performance evaluation	Existing data	Derive Top 5 KPIs	AI-driven analysis	...
	Focus dealers	Top performers	Low performers	Low performers within groups	...
	Dealer cooperation	Top-down decision and communication	Buy-in via dealer principal	Charge costs to coached dealers	...
	Best practice derivation	HQ-defined best practices	Dealer defined best practices	External benchmarking	...
	Leverage with other initiatives	Incorporation of other initiatives	No linkage to other initiatives	Stop other initiatives	...
	Program development	Develop solid concept before pilot	Leverage pareto principle to achieve quick results	Leverage pareto principle but ensure constant refinement	...
	Rollout	Pilot with x defined dealers	Direct global roll-out	Direct EMEA roll-out	...
	Roll: out	Training execution	OEM and NSC only	NSC only	NSC and external provider
Training mode		On-site	Remote	Hybrid	...
Success measurement		Weekly reporting send to dealer	Weekly reporting and discussion with area manager	Mystery shopping / mystery service	...
...	

STEP 4

Pilot rollout including retailer evaluation

Implementation is based on the prioritized approach developed in **STEP 3**. During the pilot phase, the RPIP is rolled out at a sample of retailers. Targeted training and support are provided, with close monitoring and regular feedback sessions to track progress. The data is collected in a holistic dashboard to analyze performance, gather insights and refine the program, addressing any challenges encountered during the pilot phase. Eventually, the learnings and best practices provide the basis for a broader rollout across the entire retailer network in the selected geographical focus area.



STEP 5

Continuous performance improvement

Even after the pilot phase, a continuous learning and improvement approach ensures relevant adjustments to the RPIP and the implementation of corrective measures if the program is not on track to achieve its goals. Feedback from retailers is crucial to ensure ongoing buy-in and sustainable implementation. This iterative process helps to maintain the program's relevance and effectiveness over time, while ensuring retailer buy-in.



TWO CASE STUDIES THAT ILLUSTRATE DIFFERENT APPROACHES IN ACTION

CASE STUDY 1

Addressing inconsistent service performance

An OEM's global retail network's service performance was inconsistent across its outlets, primarily due to a lack of guidance and leadership, and variable personnel quality. To tackle these issues, an RPIP was implemented at HQ level and then rolled out at NSC level with a localized approach that took into account different languages and regional specifications.

The tailormade approach began by defining the top KPIs for the global network and conducting a thorough data analysis to determine performance. Identifying top dealers per KPI in selected markets, the OEM was able to understand which dealers excelled in specific areas. Best practice analysis of these top-performing dealers revealed the success factors behind their strategies, which provided a roadmap for other dealers to follow to achieve similar performance levels. To drive performance improvement, a holistic training program on NSC level was developed, based on the insights.

The RPIP's rollout phase identified low performers based on a maximum of three KPIs every six months to target areas that needed improvement. Each NSC engaged with dealer principals at individual dealerships to identify the business's top- and bottom-line potential – for example, by increasing performance per KPI to at least the national average. Both parties then signed contracts for the RPIP to ensure retailer buy-in and motivation – including sharing the cost of the RPIP equally. The training program was implemented on-site in close alignment with area managers, adjusting the level of support based on the analyzed performance. Throughout the six-month period, continuous measurement was conducted weekly with area managers to maintain a sustained focus on KPIs and, if necessary, implement corrective measures.

Enhancing top performers

An OEM's global retailer network suffered from varying levels of sales and customer service performance across individual outlets. To address this problem, a dedicated organizational unit was established at market level which served as a masterclass for up to 10 top-performing dealers per year, adopting a holistic approach to performance improvement.

The process began with a quantitative pre-assessment based on available KPIs, including sales performance and customer satisfaction. OEM-owned and privately-owned dealers were benchmarked against each other, with the OEM deciding to offer the program exclusively to its top-performing retailers. This approach marked a striking contrast with most other automotive industry RPIPs, which focus on poor performers.

A joint kick-off meeting was held on-site with each dealer to discuss KPIs and identify focus areas for the upcoming weeks. On average, more than ten consulting days were conducted with each dealer, focusing on which measures to prioritize and subsequent coaching. These meetings were primarily on-site, but the approach remained flexible to accommodate specific needs. Key actions included optimizing the customer journey, strengthening workshop efficiency and implementing targeted marketing strategies.

In addition, the client's team worked on improving sales techniques and streamlining aftersales processes. After the mandatory meetings, an optional follow-up meeting was conducted to review progress, address any additional concerns, and adjust strategies as needed. The results were assessed through KPI evaluations and, optionally, via mystery shopping and mystery service assessment. If required, additional support was offered to ensure sustained performance improvement.

This structured approach enabled the unit to address varying top performance levels across the dealer network effectively by driving consistent improvements.

SIX KEY SUCCESS FACTORS

We tailor each RPIP to fit the specific situation of the manufacturer or NSC, and ensure the program's long-term success through our structured approach, based on the following six key success factors:

1 FOCUS ON KEY METRICS & CONTROL

Prioritize measuring the most critical metrics during the concept phase, while ensuring tracking and reporting during pilot and roll-out, with resulting corrective measures in case the RPIP is not on track.

2 ENSURE RETAILER BUY-IN

Secure retailers' trust and engagement through early, continuous incorporation of feedback. During the roll-out, obtain buy-in from retailers through agreements with senior management, while speaking on eye-level with the retailers.

3 LEVERAGE BEST PRACTICES

Analyze and adopt best practices from top-performing retailers to derive realistic measures for all retailers.

4 OFFER CLEAR GUIDANCE AND SUPPORT

Provide required support, either on-site or remotely, and leverage HQ and NSC employees to support the retailer network.

5 ENSURE CORRECT CONCEPTUAL SETUP

Ensure that the program setup enables sustainable implementation, rather than rushing into changes.

6 HIGHLIGHT RELEVANCE

Highlight the relevance of the RPIP at board level, and clearly communicate this message to retailers.



CONCLUSION

Implementing each component of our RPIP delivers significant benefits across the organization. By focusing on key metrics, and ensuring rigorous tracking and reporting, OEMs can drive top-line growth through enhanced customer loyalty, increased sales, and a stronger market position.

Ensuring retailer buy-in and leveraging best practices from top-performing retailers fosters a collaborative environment that supports sustainable improvements. Clear guidance and support, along with a well-designed program setup, enhance operational efficiency and cost optimization, contributing to bottom-line improvement.

Highlighting the relevance of the program at the board level and effectively communicating this to retailers ensures alignment and commitment across all levels.

Overall, our RPIP can help you react to challenges by taking a proactive approach to achieving excellence in today's dynamic automotive retail environment.

GET TO KNOW US.

Berylls by AlixPartners – The expertise of our top management consultants extends across the complete value chain of automobility – from long-term strategic planning to operational performance improvements. Based on our automobility thought leadership Berylls by AlixPartners stand out with their broad experience, their profound industry knowledge, their innovative problem-solving competence and, last but not least, their entrepreneurial thinking.

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