

How efficient key management can help your profit margins

As profit margins are squeezed, and developments such as Brexit and dieselgate make for an uncertain economic outlook, canny automotive retailers are seeking ways to increase operational efficiencies.

For Kearys Motor Group, in Cork, Ireland, that meant putting its faith in a new key management system, and it appears to have paid off.

The system, from Traka Automotive, has proved a catalyst for change, according to Bill Keary, the managing director of Kearys, who started looking for a new key management system three years ago at NADA.

"I could never really have foreseen all the benefits it would bring," he said.

"We had been losing keys on a regular basis, with individuals spending three to four hours a week trying to locate them."

Keary said that problem has now been completely eliminated.

"The knock-on effect has been huge. The valeting bays and pre-delivery inspection (PDI) processes are faster and we have been able to double the number of cars photographed and uploaded to the internet each day just as a result of locating cars faster. That's had a huge impact."

Kearys is one of the largest dealer groups in Ireland, selling new and approved used BMW, Mini and Motorrad motorcycles out of Eastgate, Little Island, as well as Renault, Hyundai, Dacia and Nissan vehicles out of dedicated franchised showrooms on Kinsale Road, Cork City.

Following his research, Keary signed off the largest Traka Automotive system implementation in Ireland to date, bringing six key cabinets into the BMW and Mini, Kearys Car Store Cork, Hyundai and Renault operations in March 2016.

The total capacity across all six cabinets is 1,720 sets of car keys, the largest being at Kearys BMW and Mini (540 slots) and the second-largest at Kearys Renault sales site (490 slots).

Traka Automotive's system enables all



new vehicle details to be transferred automatically from Keary's CDK Global dealership management system (DMS) into the new electronic key management system in under a minute.

New sets of keys are then attached to an iFob, which holds all vehicle information linked to those keys, including an electronic record of the key's location, and the identity

of the key's last handler.

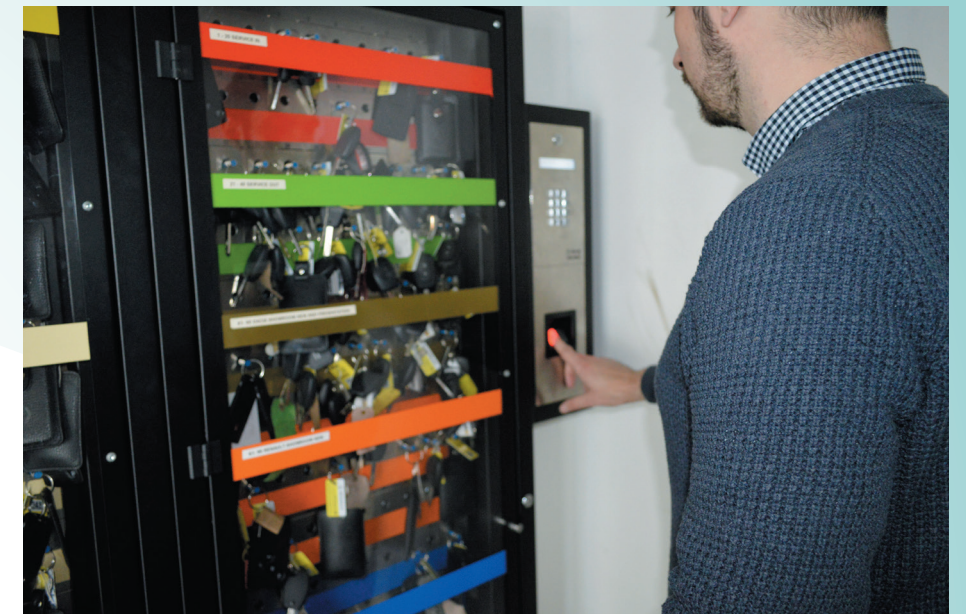
Just over two years after their introduction, all six cabinets are operating at nearly 100% capacity and Keary said the €80,000 (£72,000) investment was recouped well inside his initial two-year target.

At the Renault sales site, all 12 sales executives have PC-based access to the system, while a further seven administrators,

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readers, which facilitate the use, by a total of 19 unique users of the Traka system in Kearys Renault sales and 23 in the Renault service centre.

Derek Daly, territory manager at Kearys Renault, said the precision reporting of the Traka system had delivered 100% accountability and ensured staff and trusted contractors "take a much greater degree of ownership over the location of keys".

"We've seen fewer people asking others to put keys back in the cabinet because they want to be able to prove that they put those keys back into a Traka cabinet just in case they go missing later."

Keary said the system's extra levels of security had allowed the business to "stabilise" its insurance premiums.

Daly also noted the importance of the new Traka system during stock audit checks, which are carried out periodically by Renault Bank.

"We can show Renault Bank the five specific external supplier contacts on the Traka system and how many Renaults they currently have in for bodyshop work or valeting, giving them the location of their premises for viewing stock in person if necessary."

The Keary Renault Cork business served by the Traka system comprises a showroom and an eight-bay service centre, which handles about 4,000 vehicles a year.

The Kinsale Road site also has an eight-car showroom and 50 spaces in the basement car park under the showroom.

A further 25 spaces display Renaults in front of the showroom and there are spaces for 30 more to the rear and outside the Renault service centre.

Currently, it is only possible to access the Traka system via smartphone if connected to Kearys Renault's Wi-Fi network, but Kearys plans to extend cellular access to the Traka system for even more widespread coverage later this year.

Daly believes the Traka system almost guarantees a rapid return on investment for sites with 250 or more cars and lots of key movements.

In the two years since the new Traka system went live at the six Kearys sites in Cork City, they have logged more than 303,794 key movements, an average of more than 12,600 a month across all cabinets.

Efficiencies both in and out of Kearys' control have helped it achieve growth, despite the current period of uncertainty in the sector.

The Society of Irish Motor Industry (SIMI) reported that, while Q1 2018 new car sales in Ireland were down 5.5% to 71,805 units, imported used car sales registrations were up 9.44% year-on-year at 26,114 as a weak sterling benefited importers.

Kearys has been able to reap the rewards, opening a Car Store used car supermarket in Cork and, more recently, its biggest car supermarket to date, in Dublin, with the help of about 1,000 cars imported from the UK in 2017 and more than 3,000 expected in 2018.

Replacing the previous peg in, peg out key (PIPO) management system with Traka's platform has allowed such increased stock volumes to be efficiently handled by the business.

"Operational efficiencies have been realised across the board. It really has been a huge success," said Keary.