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3 THEFT RISKS TO LOOK OUT FOR AT YOUR DEALERSHIP

As seen in AutoSuccess

When I Googled “dealership theft,” the search returned over 30 million results. There’s a reason for that — scams and thefts targeting dealerships are more common than dealers should be comfortable with.

It’s true that it might not ever happen to you. It’s also true that you have insurance to cover some of those losses if you’re ever the victim of theft. But imagine the time you’d spend remediating the losses, repairing your reputation (especially if the theft affects customers in any way) and trying to rebuild trust with employees.

Investing the time and resources to educate yourself and protect your business is well worth it. I’ve compiled a list of three types of fraud to look out for along with some tips for safeguarding your dealership.

Online Marketplace Scams

All dealers want to sell more vehicles off their lots, but what if a third party is the one selling them and you don’t get to pocket any of the profits?

Scammers are doing just that by taking advantage of online marketplaces, including Craigslist, eBay Motors and Facebook Marketplace. These stores are notorious for being rife with scammers looking to rip off private buyers — so much so that in January 2018, the FBI Internet Crime Complaint Center issued a warning to consumers about fraudulent online vehicle sales.

An example of such a scam involves the fraudster posting photos of vehicles and coercing the would-be buyers into sending them money. When the vehicle never shows up, the victim realizes they’ve been scammed.

To delay the amount of time it takes for the

victim to detect the scheme, some con artists will post photos of vehicles from a dealership’s lot and actually steal the vehicle from the dealership once they’ve found a buyer. That’s what happened at a dealership in Huntsville, TX. After several vehicles went missing, police discovered that the vehicles were being stolen and sold on Craigslist.

How to Protect Your Dealership

- Make it harder for someone to reuse your inventory photos by watermarking them, adding a copyright notice and disabling right click when possible.
- Perform reverse image searches with Google Images to see if anyone is using your photos without your permission.
- Secure your keys with an electronic key control method that allows only authorized users to remove keys and uses secure materials such as stainless steel to prevent tampering.
- Train your salespeople to never leave keys unattended.

Key-Swap Scam

Imagine a prospect wants to take a closer look at a vehicle on the lot. You hand them the keys, and they bring them back after a few minutes. How closely do you look at those keys? Probably not very — and that’s what thieves count on when they use the key-swap scam.

With this tactic, scammers will either pocket the original keys or hide them in the vehicle and then hand over a counterfeit pair to the salesperson. With the real keys in their possession, they can easily return and steal the vehicle later.

How to Protect Your Dealership

- If possible, avoid letting prospects use vehicle keys without an employee’s

supervision.

- When a prospect returns keys, train your salespeople to inspect the keys to make sure they’re the correct ones.
- Use a key control method that allows you to secure keys to key tags with metal rings to make them harder to tamper with and swap with counterfeits.

Internal Theft

You’d like to think you can completely trust your staff, but all too often dealers have had the wool pulled over their eyes by employees.

Whether an employee steals time, parts, vehicles or funds, internal theft chips away at the bottom line.

How to Protect Your Dealership

- Consider whether any employees have motivation to steal. If someone is facing financial pressures (debt, illness, etc.) in their personal life, that could drive them to desperate measures.
- Minimize opportunities for employees to commit a theft, whether it’s having unrestricted access to keys or handling financial transactions without monitoring.
- Set clear guidelines and policies for how employees handle your dealership’s assets.
- Implement a monitoring tool that provides a dashboard showing cash flow throughout the dealership so you can detect suspicious activity.
- Inspect how employees use your systems. It’s better to test your processes yourself than to wait for someone to find a vulnerability.

By being vigilant and taking the time to protect your dealership from scams and fraud, you can reduce your risk of inventory shrinkage, lost profits, reputation damage and employee turnover. ○



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