

CASE STUDY

John Hine Mazda & Financial Mitigation Services



John Hine Mazda selects
Financial Mitigation Services
to further reduce an expense
category that auto
dealerships consistently and
unknowingly overpay.

"Despite the complexities inherent in this expense category, working with FMS has resulted in this project being one of the easiest ways we have added incremental profit to our dealership."

Susan Abraham
Controller,
John Hine Mazda

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History

John Hine Mazda has been a renowned San Diego institution for over 50 years. Starting in 1957 as John Hine Pontiac, John Hine was one of the original auto dealerships serving all of San Diego County. Located in the Mission Valley area of San Diego, John Hine Mazda sells new and pre-owned vehicles. The dealership also features a parts department as well as a service department. Over the years John Hine has managed to thrive by consistently delivering an excellent buying experience as well as managing their business with a keen eye for controlling costs.

Challenge

Managing expenses has always been a top priority with senior management at John Hine and for 11 years, John Hine's Controller, Susan Abraham, has focused on maximizing John Hine's bottom line by instituting smart cost reduction initiatives throughout the dealership. "I primarily focus on cost reduction strategies that don't negatively affect our ability to generate revenue. Reductions in operational costs such as Telecom, Waste Management, Uniform Services and Insurance can add up quickly when they are not managed properly.", Says Abraham.

Processing Fees

One expense category that John Hine has struggled with was Merchant Account Processing fees. Credit card usage continues to grow each year and the costs associated with accepting those cards accelerates even faster. “Unlike other expenses where I know we have a handle on the costs, I never got that same sense of comfort with processing fees. Our bank would occasionally reduce our prices upon request and tell us that we had great terms and we would occasionally look at competitors, but at the end of the day, we never truly knew if what we were paying was the lowest possible price.”

The Solution

After realizing that John Hine needed to tackle this cost category once and for all, Abraham says she considered her four options; “One, we could do nothing. Two, shop around and change processing companies, but who has weeks of time available to interview different processing companies and then face the prospect of ending up in the same situation...wondering if we could have done better, and still left on our own to manage the details of our transactions? Plus we prefer not change. Three, we could rely on the kindness of our processing company to volunteer their true margin and allocate resources each month to help us manage our transactions. And finally, we could get expert help from an unbiased source whose interest is in alignment with our own... to reduce this cost as much as possible while maintaining our service levels.”

“We decided to work with Financial Mitigation Services to bring this cost to the point where we have the peace of mind knowing that it is truly minimized.” Financial Mitigation Services (FMS) is an unbiased or “processor neutral” expense management firm that specializes in the Payments Industry. FMS works on their clients’ behalf to bring about further reductions on a pay-per-results basis. The FMS management team is made up of payment industry experts who have decades of executive level experience in the processing industry. FMS clients achieve reductions that are generally not possible without deep inside industry expertise. There are no up-front costs, little to no time required, no need to change processing companies, and since FMS requires no hourly retainer and sets their fee contingent upon savings results, there is no downside or risk.

Results

Working with FMS has resulted in John Hine Mazda cutting an additional \$15,000 per year in processing fees. “Now we know how much we didn’t know. For one, we cut over 1,200 per month in processing fees. Second, they uncovered an error on the processor’s end that caused transactions to unnecessarily downgrade and they recovered over \$5,000 on our behalf as a result. Third, we did not have to change away from our existing processing company, which happens to be our bank. They educated my staff and I along the way and the calculations used to determine the quantified savings is very simple and straightforward. The bottom line: we invested zero dollars, about two hours of time and, as a result, we have added over \$15,000 in extra profit year after year for the life of our business!” states a very pleased Abraham.

Conclusion

“After gaining valuable education from FMS as a client over the term of our relationship, I would say now that learning what you need to know combined with the time involved in reviewing transactions on a regular basis and then keeping up with all the changes could be a full time job in itself.” says Abraham. “Seeing what FMS actually does on our behalf, I can tell you that there is a lot more that goes into effectively reducing merchant account fees than what I ever knew. Despite the complexities inherent in this expense category, working with FMS has resulted in this project being one of the easiest ways we have added incremental profit to our business. I recommend FMS to any business that would qualify for their service” concludes Abraham.