



2005 Award Winner

Park Place Lexus

At its two locations in Plano and Grapevine, Texas, Park Place Lexus (PPL) sells and services new and pre-owned Lexus vehicles, and sells Lexus parts to the wholesale and retail markets. PPL is part of the family of Park Place Dealerships (PPD), which includes eight dealerships with 12 franchises.

In 1994, PPL began benchmarking business practices outside of the automobile industry, with the intent of emulating the best business practices they could find and bringing innovation to the industry. Four years later, the company conducted its first internal assessment using the Baldrige criteria for performance excellence to identify areas for improvement and adopted the brand “Experts in Excellence” as a sign of its dedication to quality.

Today, PPL ranks among the country’s top Lexus dealers. Between 2000 and 2004, the company’s gross profit increased by 51.3 percent. In 2005, PPL Members (employees) generated \$387 million in revenue.

House of Quality

With its mission, “To provide an extraordinary automotive purchase and ownership experience” as a foundation, the dealership’s “House of Quality” graphically depicts the organization’s direction and represents its culture. The four Core Convictions—integrity, outstanding client experience, commitment, and winning—provide the structure of the house. Known as “The Big Hairy Audacious Goal,” the organization’s vision, “Be the unparalleled retail automotive group in the United States,” forms the roof of the house.



Highlights

- In 2004, Park Place Lexus Grapevine’s New Car Client Satisfaction Index (CSI) of 99.8 percent made it the highest rated Lexus dealership in the nation.
- Satisfaction among its pre-owned vehicle clients at both locations increased from 96 percent in 2000 to 98 percent in 2004.
- The company’s gross profit percentage increased by 51.3 percent from 2000-2004.
- PPL’s 50/50 Committee meetings, a monthly open forum for Members (PPL employees), are focused “50 percent” on ideas and concerns and “50 percent” on solutions.

The dealership uses many means to identify ways to improve, including an annual strategic planning process and self-assessment using the Baldrige criteria for performance excellence. A quarterly meeting, called “Driving Excellence,” is used by dealership leaders to assess progress to goals and performance levels. Improvement activities are planned, executed, tracked, and standardized using action plans that result from the strategic planning process or through PPL’s problem solving process known as DRIVE—Define the problem, Recognize the cause, Identify the solution, Verify the actions, Evaluate the results.

PPL’s Listening and Learning process provides a systematic way to identify client needs and then deliver the best service possible. PPL acquires information about its clients from a variety of sources, including client comments and concerns, follow-up interactions after sales, customer surveys, and focus groups. This information is used to develop detailed profiles of clients, identify key customer needs and preferences, refine its service offerings, establish corporate and Member performance goals, and target marketing and improvement opportunities. A database that includes all interactions with clients is available through an extensive IT network to all Members who deal directly with customers, from sales consultants and finance managers to service and parts department Members.

Leaving nothing to chance, PPL has established performance standards for almost every activity that requires contact with clients, including requiring phones to be answered within three rings and email to be responded to within 24 hours. It has determined the key requirements of clients for both its sales and service departments. For example, clients require that sales consultants be courteous, knowledgeable, respect the clients' time, and honor commitments. For service, requirements include fixing the car right the first time and providing an accurate time estimate for repairs or service.

All of this attention to detail and PPL's insistence on quality and continual improvement has led to outstanding customer and performance results. PPL's Customer Satisfaction Index (CSI) for clients of new cars approaches 100 percent at both locations, placing them among the top 10 percent of Lexus dealers nationwide. Satisfaction among its pre-owned vehicle clients at both locations increased from 96 percent in 2000 to 98 percent in 2004.

The CSI for the service department at both locations is approaching 98 percent. Satisfaction with parts availability has increased from 96 percent in 2000 to 98 percent in 2005, among the Lexus best. In addition, 96 percent of service clients said their vehicle was ready when promised.

For the past eight years, both the Plano and Grapevine dealerships have surpassed Lexus benchmarks and earned the prestigious "Elite of Lexus" award. In 2003, PPL received the Texas Award for Performance Excellence, the only recipient that year and the only dealership ever to receive it.

Most important to PPL, the company continues to expand its long-term relationships with its clients. Between 2000 and 2005, the percentage of repeat clients at the Plano service department increased from 68 percent to 77 percent; at Grapevine, from 69 to 79 percent. Almost 70 percent of PPL customers say they plan to purchase again from the dealership.

Right Person, Right Job

In a highly competitive job market, PPL has a stringent hiring process that includes aptitude and personality tests to ensure that the organization has the right people for the right job. Once hired, each Member follows their training plan that includes classroom training, on the job training, and coaching and mentoring aimed at helping them be successful. In addition, every Member who deals with clients receives Client Delight training. The company also conducts specialized training related to health, safety, and wellness; quality improvement and measurement; computer skills; documentation and reporting; and tuition reimbursement for

technical school training and for other higher education pursuits that contribute to job performance. Training is so important to both corporate and individual success that the number of hours spent in training per Member has increased from about three in 2001 to more than 32 in 2004.

To encourage empowerment and innovation, employees hold a monthly "50/50" meeting. Half of the meeting focuses on ideas and concerns and half on solutions, such as authorizing Members to spend up to \$250 on the spot to resolve a client concern.

As a result of the emphasis on both process improvement and training, PPL has dramatically reduced the number of client concerns (complaints). Between 2002 and 2005, concerns that "promises were not met" dropped from 130 to three; concerns about misinformation from 22 to one; and concerns about discourteous treatment from 28 to one.

Emphasizing Ethical Practices

With a culture rooted in the highest ethical standards, PPL has zero tolerance regarding unethical and illegal behavior and practices. Integrity is among the company's Core Convictions and a chief characteristic sought in recruiting new Members. Senior leaders are expected to "walk the talk" and be models of ethical behavior. Managers receive business law and ethics training annually, in areas ranging from sexual harassment to safety and health requirements. Ethical and legal practices are discussed regularly in team meetings and in training classes. Suppliers also are expected to comply with all ethical and legal practices.

Being a good corporate neighbor is a way for PPL to give back to the community through financial contributions, product donations, and volunteer support to charitable organizations. For example, each year PPL donates a new Lexus to the Crystal Charity Ball, which supports children's charities in Dallas County, and to the Northeast Tarrant County Heart Ball to auction and raise funds. PPL's financial contributions to area organizations have grown from \$22,000 in 2001 to nearly \$70,000 in 2004. In addition, employees volunteer their time and support to local programs such as Adopt-a-Soldier and Big Brothers/Big Sisters.

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