

DEALER PRINCIPAL

THE FUTURE OF WORK

Building more agility, flexibility and resilience in your organization

*Tips for
Greater F&I Success*

Dealer Spotlight:
Fitzgerald Finds Early Success
with Virtual Delivery

**MAXIMIZING
REINSURANCE**
to Achieve Your Goals

**ZURICH'S RESPONSE
TO THE CORONAVIRUS
PANDEMIC**



ZURICH[®]

Editor's Letter

Dear Leader,

First and foremost, I hope you, your employees and your families are staying safe and well. Now more than ever, it's important we continue to support one another as a community. The pandemic has presented a unique set of challenges, but what accompanies those challenges is a unique set of opportunities, including new ways of connecting with customers.

Many of the articles in this issue of Dealer Principal provide insight and guidance to inform you on trends and changes in the industry and help you navigate the future with even greater success.

In our "Virtual Delivery" article, we explore the transition to remote delivery and tips for success with this new model. Our article "Maximize Reinsurance to Build Wealth and Achieve Your Financial Goals" offers strategies and considerations to help you get the most out of your reinsurance programs.

In the article "The Future of Work," we discuss trends, changes and the evolution of work, from advances in technology to highly-valued skills, like cognitive flexibility, that will be in high demand as employers and employees navigate the changing world of work.

In this issue, we also showcase two dealer customers' operations, sharing stories of their successes and the mission to help to improve the lives of their customers and communities.

While working with you and your teams throughout the country during the pandemic, I've found what unites us is our desire to move forward stronger and wiser, supporting our communities, customers and colleagues. Let's continue working together and supporting one another.

On behalf of our entire team, my very best to you.

Regards,



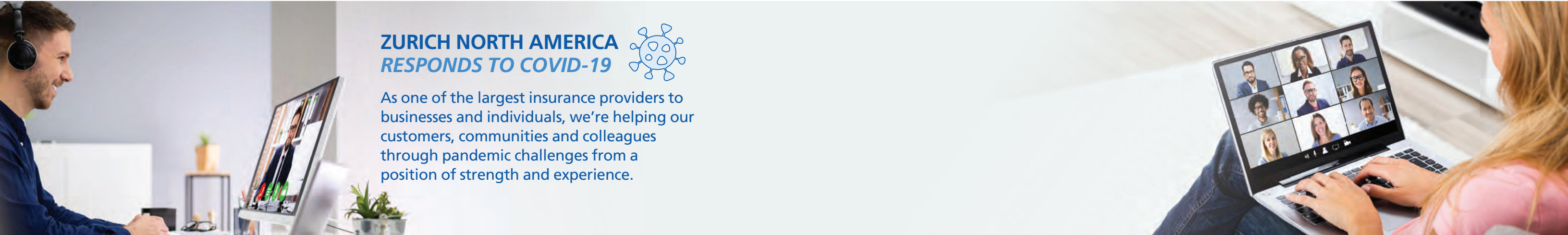
Vince Santivasi
Senior Vice President, Head of Direct Markets
Zurich North America

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OUR COMPANY



ZURICH NORTH AMERICA RESPONDS TO COVID-19

As one of the largest insurance providers to businesses and individuals, we're helping our customers, communities and colleagues through pandemic challenges from a position of strength and experience.



CARING FOR OUR CUSTOMERS

CASE-BY-CASE SUPPORT

- Provided temporary ADJUSTMENTS TO PAYMENT TERMS when circumstances permitted
- Temporarily WAIVED CANCELATION for non-payment of premium

ESSENTIAL PRODUCTS AND SERVICES

- Assisted a New Jersey hospital in ACTIVATING VACANT SITE to care for patients
- Helped a Wisconsin paper mill continue PRODUCING TOILET PAPER AT 100%

RETROFITTING OPERATIONS

- Supported Bauer Hockey's shift to MAKING FACE SHIELDS for front-line health workers
- Helped Sysco, a food service distributor, gain authorization to DELIVER ESSENTIALS TO GROCERY STORES
- LAUNCHING A COVID-19 REIMBURSEMENT PRODUCT
- HELPED GET CASH in the hands of hospitalized patients
- Net profits go to FEEDING AMERICA



CARING FOR OUR COMMUNITIES

Z ZURICH FOUNDATION

- Pledged up to \$20 MILLION TO SUPPORT COVID-19 RELIEF GLOBALLY
- Pledged \$20,000 to the F&I Providers Relief Fund for F&I managers
- Supported our network of approximately 30 FOOD BANKS across the U.S. and Canada
- Provided PERSONAL PROTECTIVE EQUIPMENT (PPE) to hospitals in the U.S. and Canada
- Financed basic necessities such as SHELTER FOR VULNERABLE POPULATIONS
- Supported PREPARATION OF MEALS in our North American headquarters to assist the homeless
- Supplemented grant payouts for approximately 55 ORGANIZATIONS
- Matched our employees' charitable giving at 100%
- DELIVERED MORE THAN \$1.5 MILLION TO NEW ORLEANS CHARITIES despite cancellation of the Zurich Classic PGA TOUR event
- Matched Zurich Golf Ambassador Billy Horschel's \$10,000 DONATION TO BLESSINGS IN A BACKPACK

F&I PROVIDERS RELIEF FUND FOR F&I MANAGERS

The auto industry has seen unprecedented losses in sales due to coronavirus. F&I managers around the country have been impacted, and they face serious challenges that include illness, loss of income and deep pay cuts.

The F&I Providers Relief Fund was established so F&I managers impacted by the pandemic could apply for financial assistance to help them through this difficult time. Zurich contributed \$20,000 to the fund and, as of July 15, the fund raised more than \$500,000 from more than 40 F&I providers and industry leaders. More than \$430,000 in financial assistance grants has been awarded to F&I managers, and over 100 grant applications are still in process. These contributions have truly made a difference in the lives of many F&I managers and their families.



CARING FOR OUR COLLEAGUES

PROTECTING OUR CORE

- Zurich's priority is on TALENT RETENTION and DEVELOPMENT
- Expanded our earn-while-you-learn APPRENTICESHIP PROGRAM
- PROVIDING FINANCIAL RESOURCES
- Helped COVER LOST EXPENSES for vendors at our headquarters during the building shutdown
- Launched a COVID-19 HOSPITALIZATION BENEFIT for employees
- Started the TOGETHER WE CARE grant program that supports colleagues experiencing hardship
- SUPPORTED WORKING FROM HOME
- Rapidly expanded remote work from 60% TO NEARLY 100%
- RELIABLE VIDEO CONFERENCING TECHNOLOGY helped sustain our strong connections
- BACK-UP CHILD CARE RESOURCES available if desired

- PROVIDING HEALTH RESOURCES
- Offering PAID CAREGIVER LEAVE for employees caring for a seriously ill loved one
- COVERING VIRTUAL VISITS with medical providers at no cost for covered employees and family members

ZURICH DIRECT MARKETS' SUPPORT

- Conducted Customer Council calls to check-in with customers and seek guidance on how Zurich could best support the industry
- Provided free trial of Zurich University so customers could access online training to their employees
- Made ResistAll Purify anti-viral sanitizing products available to dealers to disinfect interior surfaces of their sales and service vehicles
- Hosted over 250 training webinars on a variety of topics
- Developed a virtual F&I selling system and provided training to dealerships to help them deliver a contact-free experience
- Conducted a fitness step challenge to raise money for COVID relief
- Hosted virtual month-end round table meetings and reinsurance reviews for customers
- Made Zurich's F&I online consumer education content available to help dealers inform consumers about vehicle protection products

OUR PEOPLE



ZURICH'S MEGA

AUTO DEALER LARGE ACCOUNT TEAM

The mission of Zurich's Large Account Team is to ensure mega dealer customers achieve and exceed their short- and long-term goals.

The team includes a national F&I manager, a national account manager and a national reinsurance executive aligned with each of Zurich's four divisions across the U.S. Local and regional F&I executives complement the Large Account Teams and help deliver results for Zurich's mega dealer customers.

The Large Account Team is responsible for managing all customer needs, including setting strategy and developing objectives for the dealership. The team collaborates with Zurich's regional executives to implement the strategies, programs and processes that will help the dealership achieve its goals. Zurich's Large Account specialists are some of the most experienced and knowledgeable in the industry.



EAST DIVISION LARGE ACCOUNT TEAM

Zurich's East Division Large Account team includes Kingston Bowen, National F&I Manager; Peter Franco, National Account Manager; and Sam Reid, National Reinsurance Executive. All three team members were account executives or field reps in their early careers, and each has more than 17 years of industry experience, with Reid celebrating 30 years with Zurich.

Bowen is responsible for F&I sales and growth for dealer customers, and for new F&I account acquisition; Reid manages the profit-sharing programs, offering recommendations and guidance to maximize profitability; and Franco manages the insurance solutions that protect large dealership operations and oversees the services that support a customer's insurance needs.

"The large account space is made up of multifaceted organizations with complex programs," Franco says. "Our large account customers look to us for creative and effective solutions. You have to have the ability to turn obstacles into opportunities, and that's where we really deliver."

Reid adds, "Our focus is always on what each of us can add to the equation. We have a lot of trust and a ton of respect for one another that allows us to get through challenges and come up with solutions rather easily."

"Peter and Sam are the best at what they do," Bowen notes. "Their knowledge and experience allows them to develop unique and creative solutions for our customers. We make it a point to challenge each other and make each other uncomfortable; this often leads to some of the best ideas." Bowen also emphasized the importance of the local and regional account executives, noting, "Our

phenomenal field staff is the backbone that makes our mega dealer initiative so successful. They are key to delivering on our commitments and exceeding our customers' expectations."

There are clear advantages that come from Zurich's Large Account structure. The experience and focus the Large Account specialists bring to customers is reflected in their results and in the customized programs and processes Zurich provides.

STANDING STRONG IN OUR COMMITMENT TO AUTO DEALERS.

For 98 years, we've been a leader in the automotive industry and that hasn't changed during these challenging times. We continue to bring value and support to some of the largest and most successful dealerships in the nation.

These uncertain times inspired us to be nimble and develop creative solutions for our customers even when their doors were closed.

- Adapting our F&I selling system for virtual presentations
- Conducting hundreds of training webinars
- Complimentary access to online F&I consumer education resources
- Generating more than 4,000 service contract sales through our direct marketing program

We've built and delivered tools to help you succeed. These innovative initiatives helped many of our customers and Zurich Direct Markets attain record-breaking results.

We stand stronger than ever in our commitment to help dealerships thrive and increase profitability.

TOGETHER WE'LL CREATE A STRONGER FUTURE.



**ZURICH INSURANCE.
FOR THOSE WHO TRULY LOVE THEIR BUSINESS.**



MAXIMIZE REINSURANCE TO BUILD WEALTH AND ACHIEVE YOUR FINANCIAL GOALS



Are you taking advantage of your reinsurance program to maximize results? You could be missing out on opportunities for building wealth and achieving other important financial goals.

Reinsurance, like other financial and insurance solutions, can be complex to navigate. A reinsurance specialist can help you understand, how to maximize premium production, the structure(s) that will benefit you the most, and which products to include in those structures.

LET'S START BY DEFINING THE THREE FOUNDATIONAL TENANTS OF REINSURANCE:

1. Premium expertise:

Actuarially determined premium with continuous scrutiny of attained loss ratios to drive profitable underwriting results

2. Claims discipline:

Expert adjudication of claims that aligns with the contractual coverage

3. Investment discipline:

Making sure the reinsurance trust assets are growing over the contract terms for additional financial strength of the reinsurance program

SELECTING A PROVIDER

When selecting a provider, you must consider the following:

- 1** Products that fit your customers' needs and are expertly underwritten
- 2** A great delivery or sales process that will drive strong product penetrations with a customer satisfaction focus and essential legal compliance
- 3** A reinsurance structure that fits the needs of your owners, shareholders and/or family for both short- and long-term wealth development
- 4** An advisor who can evaluate the program's performance and make recommendations for changes as market conditions and opportunities for new products might arise

SELECTING THE RIGHT STRUCTURE AND PROGRAM

There are several structures to consider: controlled foreign corporation, non-controlled foreign corporation, dealer-owned warranty company and self-insured (typically nominal or no insurance backing the program). Each program has different features and benefits that need to be evaluated based on a needs analysis before making a decision. Large and mega dealer groups have options that are more complex, too.

Within these structures, different programs are offered to help meet a wide variety of objectives, such as:

- Planning for retirement
- Funding charitable giving activities
- Including employees to help motivate, retain and share in the dealer's success
- Establishing succession planning, where employee(s) or family member(s) build their wealth in the program to generate funds for future ownership opportunities
- Providing assets for business acquisition/growth
- Funding facility upgrades/ construction of new facilities
- Gaining wealth and fund retirement
- Extinguishing operational debt

Identifying your short- and long-term priorities and goals is key to selecting the right programs.

SELECTING AN ADVISOR

Advisors come with their own set of financial interests. Be cognizant of those interests and be willing to temper a strong sales pitch. If the advisor will benefit from the selection of a provider, then you may want to consider a second opinion to ensure the evaluation is truly objective. Due to the complexity of many of these programs, finding an advisor that will keep your specific interests top priority is key. An advisor should help you evaluate the relevant variables to ensure you select the best structure. For example, if your operation is smaller and growing, you should have a plan that contemplates that growth.

Although fees are important, they must be evaluated on the level of service anticipated for operational considerations to drive product penetrations consistent with your overall goals. Consider that the true concern should be who will help you sell the most products for maximum profitability. A lower fee program may not be the best option for generating the most revenue. The best choice should be one that can help you drive millions of dollars into a reinsurance program that has considerable tax benefits. Choose wisely. Contract length and terms could keep you in an agreement for 10 years or more with an advisor who may not have your best interest at heart.

NEXT STEPS AFTER YOU HAVE A PROGRAM IN PLACE

It's essential to pay continued attention to your program and stay informed about how the program is developing. Ask for recommendations to help maximize results and inquire if there are any changes you should make. Also, monitor trends like frequency and severity of loss and 30/60/90-day claims that could have an adverse effect on your program's performance. Make sure your consultant provides updates on any changes in tax law. You can end up making costly mistakes if someone without the right level of expertise is managing your program.

Finally, evaluate structures and programs based solely on your own goals and objectives. You may like how a peer runs their operation or you're seeing their success; however, it is crucial to keep in mind that their program was customized to meet their objectives, which could be quite different than your own. Make decisions about your reinsurance program the same way you would any other decision you make for your business.

THE FUTURE OF WORK

The future of work mindset: Building more agility, flexibility and resilience in your organization

The economic, social and healthcare shockwaves caused by COVID-19 have disrupted businesses and lives around the world. The lasting impacts are still to be determined, but one thing we do know is that the crisis has accelerated workforce trends that were already underway, such as remote working, technology-enabled training and teams collaborating based on functional expertise rather than geographical location.

Out of the abrupt changes forced on them by the pandemic, leaders have the opportunity to design the future of work for their employees that can result in a more sustainable and resilient business model. This journey will require a new mindset, one that includes more open ways of interacting and collaborating to overcome the challenges and uncertainties employees may face for some time.

"It starts with listening and collaborating, with respect for different perspectives," says Laura Rock, Chief Human Resources Officer for Zurich North America. "Listening with an open mind builds trust and gives everyone the confidence to air unique points of view. And that opens up a world of possibilities in problem-solving, innovation, decision-making and service."

In the near-term, the transition to remote working and the need to incorporate social distancing measures are causing some challenges, especially for businesses like auto dealerships that have traditionally relied on face-to-face customer interactions and with employees who have not worked from home in the past. Recent research from the Society for Human Resource Management found that 71% of employers are struggling to adjust to remote work, and 65% say maintaining employee morale has been a challenge. The same article reported that more than one-third are facing difficulties with company culture.¹

At the heart of reshaping and reinventing the workplace is taking care of an organization's most valuable asset first — *its people*.

RESILIENCE STARTS WITH EMPLOYEE WELL-BEING

A focus on the physical and mental well-being of employees is now front and center as the reality of long-term remote working is becoming more certain. As businesses begin to bring employees back to work into a facility, or for essential workers who never stopped working in a facility, the assurance of physical security is now critical in creating a trusting bond between employer and employee.

One of the silver linings of this reentry and recovery period is that leaders have a historic opportunity to strengthen and deepen overall connections with their workforce by addressing feelings that were previously not part of the cultural conversation. Acknowledging the natural human emotions around additional responsibilities, remote working, and juggling personal and work commitments will result in a healthier organization, greater productivity and talent retention in both the near-term and the long run.

Today's leaders and managers now have more mental, emotional and physical issues to handle with employees. To do so, organizations may want to make healthcare providers and mental health professionals available to the workforce.

FOSTER ORGANIZATIONAL AGILITY TO WEATHER FUTURE CHANGE

2020 will go down as a time of unprecedented and forced change in how we work, live and communicate. Virtually no one saw how fast the entire world would be required to adapt, but organizations and people have demonstrated they can adopt more agile ways when lives and livelihood depend on it.

A 2019 Gartner organization design survey found that 55% of organizational redesigns were focused on increasing efficiencies.² This approach, however, also created vulnerabilities, as systems engineered solely for efficiency resulted in little flexibility to respond to disruptions. To help build resilience for future disruptions, organizations need to formalize how systems and processes can flex when necessary.

For business leaders, the COVID-19 era sheds light on the speed at which their organizations can move away from traditional processes, and how to scale workplace innovation in a short period of time. New York Times columnist Thomas Friedman believes that humans who want to adapt in an age of acceleration must develop "dynamic stability." Although none of us can stop an inevitable storm of change, Friedman encourages leaders to "build an eye that moves with the storm, draws energy from it, but creates a platform of dynamic stability within it."³

EMPOWER EMPLOYEE FLEXIBILITY IN SKILLS AND SCHEDULES

Prior to the pandemic's outbreak, the World Economic Forum put forth the concept of cognitive flexibility as one of the top skills needed to excel in a workplace in 2020.⁴ What is cognitive flexibility, and what does that mean for an employee, much less for the managers and leaders of an organization? One way to think about cognitive flexibility is having the ability to shift mindsets, behaviors and perspectives to adapt to fast-moving situations and profound changes.

Nurturing employees to acquire more cognitive flexibility and adapt to new roles during rapids times of change requires providing cross-functional knowledge and training. "We believe in the power of curiosity and continuous learning," Zurich's Rock says. "Versatility and the ability to learn, quickly and constantly, are likely to become the most sought-after professional traits."

Organizations that create an environment of continuous learning will be better positioned for a future of work where employees are always upskilling and reskilling to meet new challenges as they emerge.

Future of Work *Continued*

Despite returns to the physical workplace, dealer workforce concerns remain unsettled. The retail automotive industry, like most every other, contemplates reopen strategies, worker and customer safety, and resource planning to account for volatility in public safety and policy amidst an ongoing pandemic.

“There’s no question that the dealership world has been transformed by the challenges of 2020. During this past spring and summer, many dealerships made hard decisions to close, scale back and reassess their true needs. Top dealerships will see this as an opportunity to invest in their teams and systems to ensure they can do more business with fewer, better dealership employees to still provide outstanding customer experiences, both in the showroom as well as the fixed-ops department.”⁶

“If you want to get the best out of your employees, you have to make the system even more flexible than it used to be,” said Patrick Sloukgi, Group Head of Business Resilience at Zurich. “Management style will have to change.”

THE FUTURE OF WORK MINDSET: PEOPLE + PLACE

To future-proof your workforce and build a more resilient organization, meaningful change is required in both the teams of people you develop and the workplaces that you cultivate.



A resilient workforce is one that has the right skills and experience to achieve its purpose. To attract and engage a flexible workforce, many types of workers are needed and will likely come from disparate geographic locations. Organizations should create a culture of continuous learning to support the skill development necessary in leadership and technology to enable productive teamwork.



Employees are likely to be most productive and satisfied when offered a blend of physical and remote work environments. It’s critical that organizations invest in tools and platforms to support multiple work locations and seamless collaboration. Open and respectful communications between employer and employees are key to addressing needs.

EMBEDDING RESILIENCE TO HANDLE FUTURE UNCERTAINTY

Organizations have been thrust into an accelerated timeline for determining what the future of work will look like. So far, integrating technology and encouraging different employees to collaborate in new ways is resulting in better, faster and even cost-effective ways of operating for many organizations. We know from history that moments of crisis can only be survived through quick, decisive actions by an organization’s leaders. Ensuring the ability to weather tomorrow’s unknown changes, however, requires organizations to create mindfully a sustainable future of work — one that embeds resilience by building agility and flexibility into every process and with each employee.

1. Alonso, Alexander. “Viewpoint: Here’s What the Future of Work Will Look Like.” Society for Human Resource Management. Accessed 17 July 2020. <https://www.shrm.org/>
2. Cheremond, RJ. “9 Future of Work Trends Post-COVID-19.” Gartner, Inc. 8 June 2020. <https://www.gartner.com/>
3. St. Louis, Zach. “Thomas Friedman on Human Interaction in the Digital Age.” The Aspen Institute. 10 January 2017. <https://www.aspeninstitute.org/>
4. Ahmed, Waqas. This Is the Indispensable Skill That Will Futureproof Your Career.” Fast Company. 16 June 2020. <https://www.fastcompany.com/>
5. Cheremond, RJ. “9 Future of Work Trends Post-COVID-19.” Gartner, Inc. 8 June 2020. <https://www.gartner.com/work>
6. Hireology. The 2020 State of Hiring, Retail Automotive Hiring Trends.

People matter. Put them first.

Employees who feel heard, safe and productive are integral to the success of an organization, regardless of the external events impacting the work and the workforce. Here are a few tips leaders can use to show up and be there for people every day:

- **Set the tone at the top.** How leaders behave defines the culture. Neither overreacting to nor underplaying, an event is helpful. Proactive, consistent communications give your people confidence and direction for today and the future.
- **Think of your whole workforce.** Your workforce is not just employees, but also partners and vendors. Be sure they are included in conversations and decisions, and set expectations for flexibility and agility from them as well.
- **Commit to a communication strategy.** Your workforce needs accurate and authoritative information, as well as transparency. Front-line managers are critical to sharing information, so be sure they know their roles and expectations.
- **Establish employee support methods.** Times of challenge and uncertainty create questions, anxiety and stress. Be sure your employees have an outlet to express their voice.







Why Sustainability and Risk Management Go Hand in Hand

Sustainability is a business term that seems to have as many definitions as there are organizations adopting it as a strategy. Starting in the 1980s, sustainability was used to describe how businesses thought about using natural resources more responsibly and to reduce negative impacts on the air, water and land. “Meeting the needs of today without comprising the future,” is how sustainability was defined for many organizations, explains Ben Harper, Head of Corporate Sustainability for Zurich North America. Materials recycling and high-efficiency water fixtures, for example, were early organizational sustainability efforts.

As the world began to face new and more severe environmental challenges such as climate change, as well as increasing social, economic, and technological challenges, the definition of sustainability evolved and expanded. Sustainability is now being considered as an umbrella term for an organization’s efforts to do “well for the business” but also “do good for society.” In September 2019, the Business Roundtable, a nonprofit association made up of CEOs from major American companies, made a major policy shift by declaring that the primary focus of business is not just to drive shareholder value, but to work in the interests of all stakeholders, including employees and communities. Many saw this statement as the business world’s full endorsement of sustainability and corporate social responsibility.

 Businesses across all industries see the range of benefits of adopting a sustainability strategy, such as improved brand image, attracting better talent, reducing costs, and increasing productivity,” says Zurich’s Harper. “But as unprecedented climate, geopolitical, and economic events occur that can catch businesses off-guard, sustainability also describes an organization’s resiliency to and recovery from these types of shocks. 

SUSTAINABILITY AS A RISK MANAGEMENT STRATEGY

At first glance, sustainability and risk management seem to have different goals. Sustainability is often thought of as being more transformational by creating growth, innovation, and value for a company, while risk management operates more as a mitigator of issues around physical property, cyber security, worker safety, among others. More recently, businesses have begun to align sustainability and enterprise risk management strategies as a way to manage resources in the face of disruptive risks. The chief executive officer of the Sustainability Accounting Standards Board recently declared that “sustainability isn’t new; it is the new face of risk.”²

There’s no more prominent report on worldwide risks than the World Economic Forum (WEF) and their annual survey of 750 global business leaders and decision-makers. In its 2020 report, the WEF found that climate-related issues dominated the top five long-term risks.³ Climate change is seen as having severe financial, environmental, and social risks. “Recovery from the impact of a climate-related event can take a while before a business is whole again,” explains Harper. “For a business to remain economically sustainable in the face of climate-related issues, it requires having the right risk management tools in place, including insurance coverage.”

Aligning sustainability and risk management strategies helps businesses prioritize where to focus their efforts by looking at where business drivers and stakeholder priorities overlap. When sustainability and risk management work together, they can identify most clearly the true business risks, and develop more robust and effective goals, implementation plans, and accountability.





WHAT DO BUSINESSES SEE AS THE BENEFITS OF INTEGRATING SUSTAINABILITY INTO THEIR STRATEGY? IN A RECENT MCKINSEY SURVEY¹ OF MORE THAN 2,000 GLOBAL BUSINESSES, THE TOP REASONS FOR ADOPTING SUSTAINABILITY PRACTICES INCLUDE:

 **Align with mission, values and goals**


 **Improve operational efficiency**

 **Develop new growth opportunities**


 **Attract, motivate, and retain employees**

 **Meet consumers’ expectations**

THE SAME SURVEY INDICATED THAT THE TOP SUSTAINABILITY TOPICS FOR BUSINESSES HAVE INDEED BROADENED BEYOND PROTECTING NATURAL RESOURCES TO INCLUDE:

 **Information security**

 **Economic development**

 **Energy efficiency**

 **Diversity and inclusion**

5 STEPS TO CREATING A SUSTAINABILITY STRATEGY FOR YOUR BUSINESS

Just as no two companies are alike, no two sustainability strategies are the same, according to Harper. “First and foremost, your sustainability strategy should fit your organization’s mission and goals, including putting people at the center of your business success.” Here are five key steps that to guide you in creating a more sustainable business strategy:

1. Define your objectives

What big issues does your company and stakeholders—including employees, customers, and your community—think are most important to solve? To jumpstart the conversation, consider answering such questions as:

- How much waste does your organization create?
- Is your cyber security program up to date?
- Are you using your energy and water resources as efficiently as possible?
- Is the company culture as strong as it could be?
- Are you attracting candidates with enough diversity?
- What impact and reputation does your business have in the community?
- Do you have a plan in place for worker productivity and safety during a severe weather, pandemic, or other unexpected event?

2. Develop a strong mission statement

Your mission statement should reflect what your company will do to become a sustainable business. It should capture your organization’s purpose and values, and serve as the “north star” in how you operate. Your mission statement should include the emotional “why” behind your sustainability commitment.

3. Craft your sustainability strategy

It goes without saying that profitability is your number one priority as a business. And the right sustainability efforts, especially around energy and water usage, can help you become more profitable. Same goes for employee hiring and training programs—getting the right people in place and keeping them happy is critical to long-term sales and revenue growth. Taking the time to build a realistic but attainable sustainability strategy can increase your operational efficiency while fostering social and environmental value.

4. Engage all employees, especially millennials

The people at the top can’t be the only ones driving the sustainability efforts. When you get your entire team involved, you not only build morale, but you also will benefit from collaborative thinking that leads to more innovation. And since millennials will be living with the consequences of the sustainability decisions made today well into the future, it’s especially important to engage them.

5. Measure results, even gradual ones

Sustainability is a journey, and initially, small improvements will be the first to take root. Whether it’s something as simple as making sure all lights are off at night or you’ve developed a more equitable compensation plan, these are results that need to be measured, and most importantly, reported back to the organization.

Sustainability *Continued*

THE BOTTOM LINE, TRIPLED

Every successful business leader needs to deliver on the bottom line and create profits for the organization. Sustainable business leaders measure the bottom line along with two additional performance areas: people and planet.

People includes employees, any labor involved in performing your company's work such as vendors and subcontractors, and the wider community where you do business. A Triple Bottom Line company pays fair wages to employees and gives back to the community, through efforts like funding local education programs or donating to the construction of a new park.

Planet refers to a business reducing its environmental footprint as much as possible, whether it's reducing waste, investing in renewable energy, or being more efficient with transportation logistics.

The Triple Bottom Line concept has been around for several decades, but still remains one of the clearest ways for any organization to monitor and measure their sustainability efforts.

THE TRIPLE BOTTOM LINE: PEOPLE, PLANET, PROFIT



SUSTAINABILITY PROVIDES AGILITY FOR THE FUTURE

No one can see into the future what potential consequences can come from climate change, disruptive technologies, or supply change. A dynamic sustainable strategy that is aligned with risk management practices can give a business more agility to seize growth opportunities while creating resiliency for unexpected changes. "It's difficult to plan for something we don't know will happen, but we do know that sustainability leads to resiliency, which will shield a business from economic challenges," concludes Harper.

SUSTAINABLE BUSINESS RESOURCES:

American Society of Civil Engineers

ASCE is dedicated to ensuring a sustainable future in which human society has the capacity and opportunity to maintain and improve its quality of life indefinitely, without degrading the quantity, quality or the availability of natural, economic and social resources. Discover their extensive sustainability resources at asce.org/sustainability.

The American Sustainable Business Council

This organization serves the public policy interests of responsible companies, their customers and other stakeholders. Read more about the High Road Economy at asbcouncil.org/high-road-economy.

Ceres

Ceres is a sustainability nonprofit organization working with the most influential investors and companies to build leadership and drive solutions throughout the economy. View their Sustainability Roadmap at ceres.org/roadmap.

World Business Council for Sustainable Development

A global, CEO-led organization of over 200 leading businesses and partners working together to accelerate the transition to a sustainable world. Learn more about its work at wbcsd.org.

ARE YOU A HIGH ROAD COMPANY?

The American Sustainable Business Council defines A High Road Company⁴ as one that views their employees, the communities they operate in, and the products and services they provide as equally important to their bottom-line success. These companies view the workplace as a means to create significant business and social impact. A High Road Employer believes growth comes by operating with sustainable business practices including:

1. Provide Family-friendly Benefits
2. Offer Flexibility
3. Pay a Livable and Fair Wage
4. Invest in Employee Growth and Development
5. Cultivate Inclusion
6. Govern Fairly and Transparently
7. Engage with Communities
8. Manage the Supply Chain Responsibly
9. Drive Environmental Sustainability
10. Promote Health and Safety

1. "Sustainability's deepening imprint." McKinsey & Company. 11 December 2017. <https://www.mckinsey.com/>
2. Taylor, Alison. "Aligning Sustainability and Risk Management." Risk Management. 1 November 2019. <http://www.rmmagazine.com/>
3. "Top 10 risks over the next 10 years." World Economic Forum. Accessed 21 July 2020. <http://reports.weforum.org/>
4. "High Road Economy." American Sustainable Business Council. Accessed 21 July 2020. <https://www.asbcouncil.org/>

WE ARE PASSIONATE ABOUT WORKING TOWARD A BRIGHTER FUTURE.

Zurich is committed to supporting the communities where we live and work.

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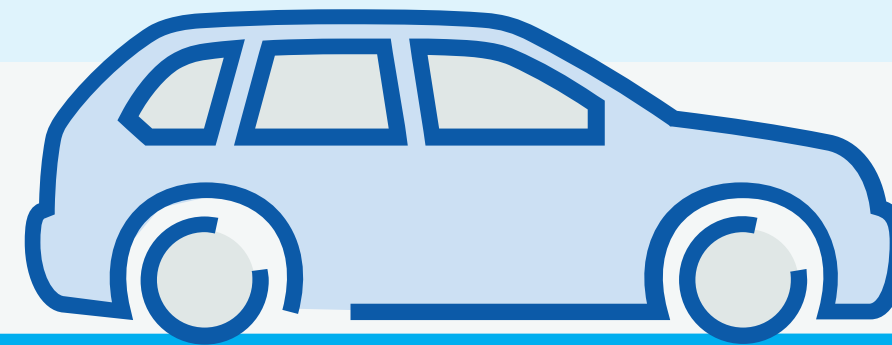
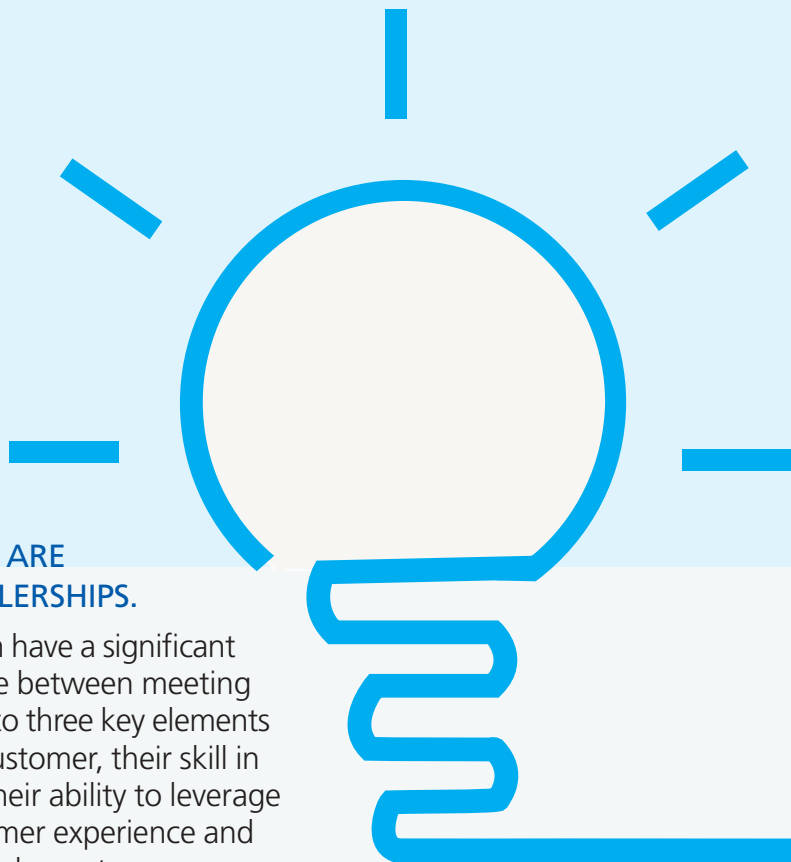
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TIPS FOR SUCCESS IN F&I SALES

CONTINUOUSLY INNOVATING AND FINDING NEW AND BETTER WAYS TO ACHIEVE GREATER SUCCESS ARE THE TRADEMARKS OF THE MOST SUCCESSFUL DEALERSHIPS.

Success in F&I is one component of your business that can have a significant impact on profit and your bottom line. But the difference between meeting your F&I objectives and exceeding them can come down to three key elements for finance managers: how well they understand your customer, their skill in customizing and delivering the sales presentation, and their ability to leverage strategies to help your dealership provide the best customer experience and achieve the most profit. Let's take a deeper look at each element.



1. UNDERSTANDING THE CUSTOMER

It's always been important to understand the customer, but now more than ever it's also important to adapt and communicate in the manner the customer finds most comfortable. What worked yesterday may not be effective today. Today, the conversation may even take place virtually.

Because the customer interview is the cornerstone of the F&I sale, your F&I manager needs to be keenly dialed in to the customer. That can be a challenge when you aren't physically together. Kerry O'Sullivan, Regional F&I Executive for Zurich, says, "Nothing is more important than the customer interview. If you prepare for and execute a really strong interview, it gives you everything you need to know to customize an effective sales presentation.

"Tailoring the presentation to reflect the information gathered during the interview will more often lead to the customer seeing value in the products. Therefore, it's critical to be proficient and comfortable with all scenarios for conducting the interview," O'Sullivan notes. That means embracing all of the technology available for virtual meetings.



2. DELIVERING A CUSTOMIZED SALES PRESENTATION

It's the skillful delivery of a customized sales presentation that sets the most successful finance managers apart from the rest. "Knowing the difference between pressure and persistence, and selling value in a manner that doesn't make the customer feel uncomfortable, comes down to preparation and professionalism," O'Sullivan explains. "Objection handling has to be value-based and budget-conscious. A skilled business manager delivers the sales presentation and handles objections in a manner that supports the dealer's commitment to a great customer experience."

Your finance manager should spend time not only preparing the presentation based on the customer interview, but also practicing their delivery to ensure it strikes the right tone while building the compelling value proposition.



3. STRATEGIES TO PROVIDE THE BEST CUSTOMER EXPERIENCE AND DRIVE PROFIT

Experience and creativity are critical in this third element, as there are a number of strategies that may be leveraged to maximize opportunities for success. For example, effectively using the customer's trade appraisal can reveal opportunities to build value in F&I products.

Understanding the customer's ownership cycle is also important. Leasing has become more prevalent and profitable than ever, particularly for customers who trade vehicles every few years. Understanding how to sell the advantages associated with leasing a vehicle is an important strategy within the sales process. Conversely, a customer who keeps their vehicle for a longer period of time will more likely appreciate the benefits of extended service contract coverage.

Evaluating your product offering to ensure you have the right mix for every purchase option is critical and be sure not to overlook maintenance plans as a way to generate profit and as a retention tool.

Training and preparation in these key areas is essential to ensuring long-term success in F&I. This can be achieved through your commitment to ongoing professional development of your F&I team and adherence to best practices grounded in maximizing profit and delivering a superior customer experience.

Fitzgerald Finds **EARLY SUCCESS WITH VIRTUAL DELIVERY**

Virtual delivery has become an essential model for car buying amid the coronavirus pandemic, leveraging technology to replace face-to-face interactions and complete the sales process.

The shift to virtual delivery has resulted in a significant change in the traditional customer-sales interaction.

What can be lost are the human interaction and rapport-building opportunities that are so essential to success, but what can be gained is a clearer understanding of what customers want.



"When the pandemic hit, many dealers closed their stores to the public," says Scott Addison, Sales Director of Fitzgerald Auto Mall. "Our initial concern was for our customers' well-being, so we conducted an outreach campaign to check-in with all of our customers, see if there was anything we could do to help them." After that initial period, there was also concern for the safety of customers and employees in the dealership. Scott says, "We did not want anybody to be physically in our stores, so we decided to move to remote (off-site) delivery, which involved working with customers during the sales process by phone and on video platforms, then deliver vehicles to their location."

Kathleen Allen, a Zurich Regional Finance Executive who works with Fitzgerald says, "Early on Scott and I talked about what we needed to do to adapt during COVID. Scott wanted a certification process to ensure every F&I manager in the company received a comprehensive training experience and was ready to execute the virtual delivery model."

The Zurich team designed a workshop, including best practices for delivering vehicles off-site and using video technology to complete the sales process.

Lindsey Gray, Fitzgerald Settlement Manager says, "Zurich helped us transition to virtual delivery very quickly. They gave us the process and then trained us on how to execute it. Our F&I Executive, Kathleen Allen, outlined the steps in the sales process for this method. She provided the programs we would use, set up the technology and trained us on how to use it. Kathleen drafted a practice review and had every single finance manager go through it. She also trained and role-played with every finance manager. She evaluated us, then shared our results. If results were low, we would have to retest. Kathleen provided feedback throughout the process on things big and small. She pointed out what we were doing well, what we could improve, tips on everything from the position of camera to tone of voice. She did a great job letting us know what to expect and motivating us, and she was our cheerleader. She stayed positive

throughout and helped us realize that we were acquiring new skills and tools that we will be able to use going forward."

A wide variety of technology applications can be used at different points in the virtual delivery process, including phone, text, email, menu product platforms, and video and web conferencing. Knowing when and how to deploy the technology is one of the greatest challenges. Bob Peters, Regional Finance & Insurance Executive, says, "Probably the biggest challenge for Zurich was that we had to become proficient in all of the technology overnight. With virtual delivery, it is critical to see the customer, not just talk by phone. There are a number of video platforms that we can engage, and we had to become skilled in all of them."

Results are significantly better when using video than phone during the sales process. Video platforms offer tools and screen-sharing options that help it seem more like a customer is sitting in your dealership. Absent that, business managers need to convey the same information strictly using



conversation. This takes longer and can be, cumbersome, and largely ineffective. Customers have been introduced to video conferencing through things like face-timing with their friends and family, and virtual physician visits. Many do-it-yourself (DIY) platforms use video, so it is easy to take advantage of the technology to deepen relationships with customers.

Another important tool is the menu product presentation, which can be shared virtually and that allows the customer to be active in choosing protection plans and seeing their pricing update instantaneously. The customer can digitally sign their product agreements directly on their iPad, cell/smartphone, or PC. Signed agreements can be emailed to the customer for retention; eliminating the need for the paperwork in the glove box. Knowing when and how to leverage these tools and how to incorporate them for the customer is critical.

"We are finding virtual delivery to be a highly effective model that we can scale and deliver to all of our dealers," notes Peters. "Our customers are innovative and are continuously evaluating and adopting new and better processes."

Addison says, "What we have found is that customers really appreciate this way of doing business. They love having control of the buying process. Customers are beginning to come into our stores again, but what we now know is that if we evolve in this direction, we'll have more opportunity to win."

Fitzgerald Auto Mall has stores in Pennsylvania, Maryland and Florida.

 Everyone wins with virtual delivery. Customers using this model typically say, 'I wish you had this service a long time ago.' Salespeople like virtual delivery because the customer is at the center of the process, which allows the salesperson to serve customers in the manner they prefer. Dealers love it because it allows for a relationship to be built with the customer despite not being together in-person. The best dealerships endeavor to create lifelong relationships, not just sell cars. It's treating people the way they would like to be treated. Everyone wins! 

- Bob Peters
Regional Finance
& Insurance Executive

CARTER MYERS AUTOMOTIVE:

MOVING LIVES FORWARD

CARTER MYERS AUTOMOTIVE (CMA) IS CELEBRATING CLOSE TO 100 YEARS IN BUSINESS.

Selling and servicing cars, while supporting associates, customers and the community, have always been top priorities for CMA. But in recent years, they have expanded their philanthropy in community, customer and employee investment programs, demonstrating their deep commitment to moving lives forward.

"Two years ago, we really focused efforts on clarifying the mission of our company, for our associates, for our customers and for our community," notes Liza Myers Borches, President and CEO of CMA. "Our mission is 'Moving lives forward.' This is the mission that drives everything we do. Customers come to us for a vehicle that will take them to a job, get their kids to school, they have a passion for driving, or their family is expanding. Our customers are going somewhere in life and we are there to move them forward, to help them get where they want to go."

The mission focuses heavily on moving CMA employees' lives forward, too. "As part of our 'Moving lives forward' mission, we asked ourselves, 'How do we help our sales and service associates? How do we help them move their lives forward and gain financial freedom?' We already offer employee stock ownership, and our general managers are equity partners in our business. So, with our mission of 'Moving lives forward' in mind, we started a CMA scholarship to help associates pay for the cost of college," says Myers Borches.

In the community, CMA has done a great deal of work in partnership with local nonprofits. Recently, Myers Borches spent time with United Way and other nonprofits thinking about meaningful ways the dealership could help in the community.

"We focused on families in need, those who are trying to move out of poverty. The issues surrounding childcare, housing security, and employment were being addressed to a great extent, but there wasn't a solution for transportation," notes Myers Borches. "They were using public transportation or unreliable cars. So we said, 'How can we solve this problem?' That is when we began developing our Driving Lives Forward initiative. This is a new nonprofit under the umbrella of United Way. Families are nominated by the nonprofit and through this program they can obtain loans at the very best interest rates and purchase vehicles at the lowest price point."

Another area of focus in the Driving Lives Forward initiative is service. "We've always done United Way campaigns and matched contributions, but we wanted to ensure our philanthropy would be most impactful, so we created a new service fund," explains Myers Borches. "Now we match every dollar contributed to our service fund. Families can apply through the fund to get their vehicle repair covered." This program has launched in one location and CMA plans to expand in another location.

"Our teams are proud of what we are doing. Rallying around this mission and continuing to grow it helps us make the greatest impact for our associates and our community," says Myers Borches.



Carter Myers Automotive (CMA) is a fourth-generation family and employee-owned business. CMA originated in 1902 as Stockdell-Myers Hardware Company, located in downtown Petersburg, Virginia. CMA now operates 15 dealerships and 17 franchises in Central Virginia.



ONE POINT OF CONTACT

Over the past year, some dealers have been contemplating the advantages of the One Point of Contact sales model as a way to improve the customer experience. The model is different than the traditional sales model in that one person, typically a sales manager, takes the customer through all steps in the buying process rather than handing off to a specialist in each phase. When the coronavirus pandemic forced businesses to close to the public, an increasing number of dealers expressed interest in this model due to the single, limited-contact structure.

Customers reached out to Zurich for support in adopting the new model and in response, Zurich introduced a comprehensive One Point of Contact training program to educate associates about the process, including certification of the dealer's staff to deliver it. Mike Zuniga, Senior Business Development Training Consultant, says, "When groups decide to go to one-touch, they have already done their research and have made changes to their sales process. Zurich customizes our selling system around their one-touch sales approach with a focus on maximizing their success."

Scott Gagne, Zurich Area F&I Manager, says, "One of our customers told us they wanted to train their entire team to learn and be certified to deliver the One Point of Contact model. Zurich's training team quickly began working to customize a training experience that would work with the dealer's sales process and we ended up training and certifying all 300 of their associates."

A critical component of delivering the training was that it had to be done entirely virtually. Zurich's experience with virtual and online training was ideal preparation for this initiative. Zurich University, an interactive video-based training platform, is one example of how Zurich Direct Markets has incorporated remote learning.

"For this customer, we separated 300 people into two groups. We held a kickoff meeting, led by the dealer. All of the training was done virtually, with the presentation facilitated by Zurich. At times, we broke into smaller groups to allow the training to be more interactive, assign homework, and check in with individuals to assess their progress. But each dealership operation is unique. They have their own approach, their own technology, and each has a different sales processes. Zurich has been so effective because of our ability to adapt," Zuniga explains.

Many dealerships are still not fully open to the public or to Zurich team members, so continued follow-up, team meetings, and progress-tracking remain important. When training is not face-to-face it can be challenging to assess how associates are progressing. As with any process, it is important to evaluate and offer additional training when needed.

Gagne says, "Stores that will do well with One Point of Contact will be those that have strong leaders and trainers."





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