

One Picture Is Worth A Thousand... Dollars!

Want to sell more F&I products? Stop talking and start drawing!

By Ronald J. Reahard

A professional financial services manager must be capable of making customers *thirsty* to learn more about every F&I product, and then help them “see” themselves in a situation where the product would be of benefit to them, so they will want to buy these products. Involving the customer in the presentation allows them to self-discover the value of these products.

A simple, hand drawn picture on the backside of your F&I menu or on a legal pad to illustrate the factory warranty vs. the VSA coverage, or the importance of GAP insurance, is an excellent way to get the customer involved. It also keeps them interested, and helps make an intangible product... tangible.

The key to using hand-drawn visual aids is to make the customer thirsty to see what you're about to show them, and then using the information they provide as the basis for the illustration, so they can see why they need the product being discussed. Keep in mind, when discussing any F&I product or service with a customer, *needs discovery is the most important part of the sales process.*

Unfortunately, even though you may have several good reasons why the customer needs your products, if they aren't interested in hearing them, you're not going to sell them anything. You must first make the customer want to know more about the product, so when you utilize a visual aid, you're responding to *their* request for information.

SIMPLE ILLUSTRATIONS

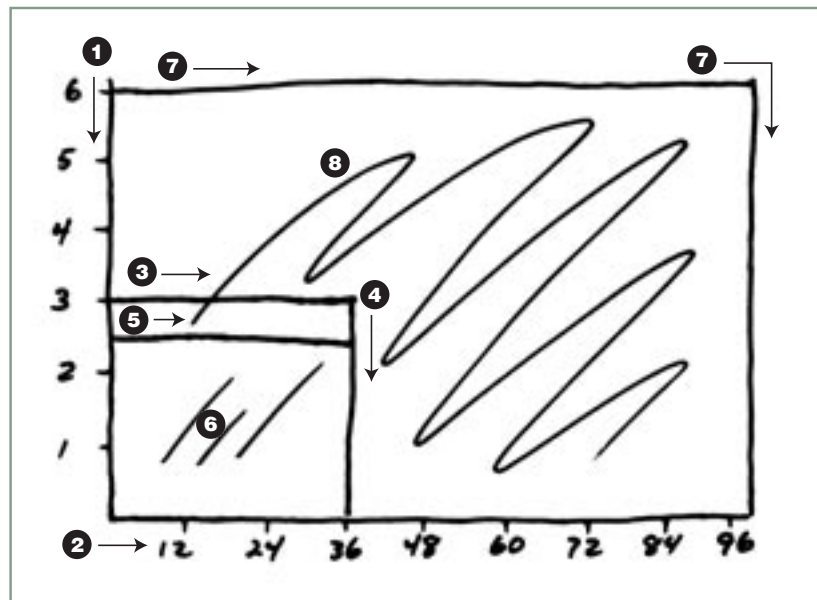
Let's examine some simple visual aids we can draw that will help the customer see the need for your products once you have presented them using a menu. Each illustration includes numbers to indicate the sequence you need to use in drawing each picture, as well as the questions a professional financial services manager (FSM) needs to ask the customer (CS) as he or she draws it to allow the customer to self-discover the value of the product.

As you read the paragraph on each product, the number indicates the time to

draw the corresponding line shown in the illustration. If you practice drawing each of these illustrations and rehearse the questions a couple of times before you use them, you'll quickly discover one picture truly is worth a thousand words... and dollars!

VISUAL AID FOR A VEHICLE SERVICE AGREEMENT (VSA)

CS: “I don't need any of that stuff.” (Remember that you first have to make a customer thirsty to hear what you have to say!)



Visual aid for a vehicle service agreement

FSM: "No problem. These are all options, although especially in your situation, a couple of them are probably critical."

CS: "Why is that?"

FSM: "Well, since you're putting on 15,000 miles a year, and you're financing this vehicle for five years, the vehicle service contract would be especially important to you and your family.

(1) Basically, this is your primary factory warranty coverage. (2) Unfortunately, your primary coverage is for 3 years (3) or 36,000 miles, (4) whichever comes first. So in your case, you'll be out of warranty in how long?"

CS: "Not quite two and a half years."

FSM: "A little less than two and half years. (5) And when would you say a vehicle is most likely to have a mechanical breakdown, in this area here? (6) Or in this area here?" (7)

CS: "Obviously, after the factory warranty has expired."

FSM: "You're right. (8) This is where most breakdowns occur. Which is why, since you are financing this for five years, the vehicle service agreement is critical, so one month you won't be faced with a \$2700 payment — your \$400 car payment plus a \$2300 repair."

At this point, you will either get a positive response (go for the close!), a question (answer it and go for the close!), or an objection (which you must discover so you can overcome it). After the customer voices their concern, listen carefully, acknowledge their concern, confirm your understanding, and then educate them as to why a VSA is so important on today's vehicles.

VISUAL AID FOR CREDIT ACCIDENT & HEALTH INSURANCE

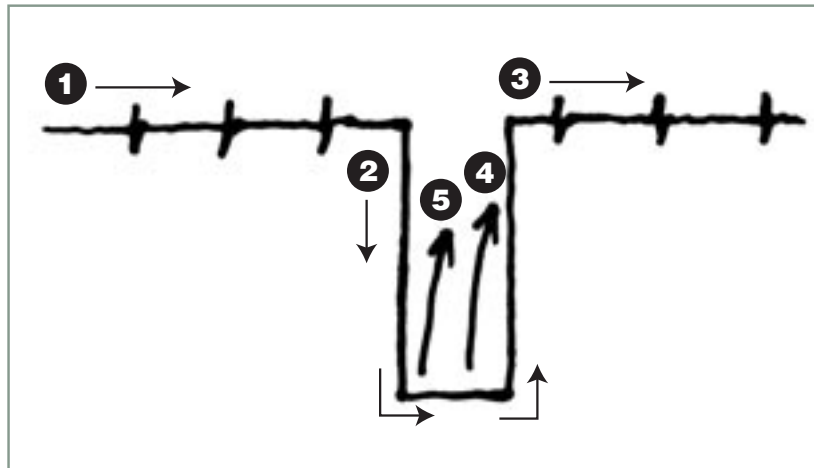
CS: "I just want to keep my payment as low as possible."

FSM: "I can certainly understand wanting a payment that fits into your budget. Although since you depend on both incomes to meet your monthly obligations, the lowest payment may not be your best option. If fact, it could create some serious financial problems in the future."

CS: "What do you mean?"

FSM: "You told me earlier that you depend on both incomes to meet your monthly obligations, correct?"

CS: "Yeah."



Visual aid for credit accident and health (A&H) insurance

FSM: "And in the event one of those incomes were to cease, you have no other source of income?"

CS: "So?"

FSM: "Right now, you have pretty good credit, which is why you're able to qualify for this interest rate. Unfortunately, like most Americans, even with both of you working, occasionally you have trouble keeping ahead of the bills. You've had a few hiccups. (1) Nothing serious, just an occasional late payment, right?"

CS: "Just a couple times."

FSM: "Unfortunately, if you were unable to work for an extended period of time, say 60 or 90 days or six months, what might have been a hiccup now becomes a hole. (2) And even though you go back to work,

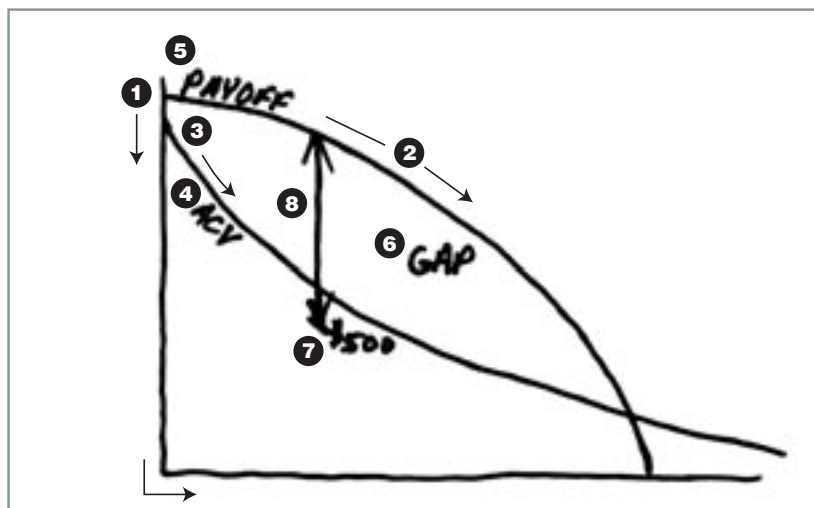
(3) you just can't get caught up. You keep trying to get out of the hole, (4) but you can't get out. (5) I see it in this office all the time. People whose credit has been ruined through no fault of their own due to an accident or illness. And now instead of qualifying for 4.9 percent financing, they qualify for the 24.9 percent financing. That's why especially in your situation, it's critical you protect the most valuable asset you do have. Your credit."

VISUAL AID FOR GUARANTEED AUTO PROTECTION (GAP)

CS: "I don't need any of that stuff."

FSM: "That really surprises me. Especially in your situation."

CS: "Why is that?"



Visual aid for guaranteed auto protection (GAP)

FSM: "Well, since you're buying a new car, and you're not putting any cash down, guaranteed auto protection is probably the most important option available in connection with your purchase. Are you familiar with GAP?"

CS: "Not really."

FSM: (1) "Let me ask you a question: When would you say you pay the most interest on a loan, in the beginning, when the balance is high? Or at the end, when the balance is low?"

CS: "At the beginning."

FSM: "You're exactly right. (2) And when would you say a vehicle depreciates the most, in the beginning when it's new, or after it's several years old?"

CS: "When you drive it off the lot!"

FSM: "Unfortunately, that's true. (3) So this line represents the actual cash value of your vehicle," (4) [Write "ACV"] "while this line represents your payoff." (5) [Write "Payoff"] "The difference between these two amounts is called the GAP [Write "GAP"] (6) And what did you say your insurance deductible was?"

CS: "Five hundred dollars."

FSM: [Write "\$500"] "So in the event your vehicle was declared a total loss due to theft or collision, your insurance company is responsible to pay the actual value of the vehicle, or ACV, less your deductible. Who would you say is responsible for the difference between what you owe (8) and what your insurance company pays?"

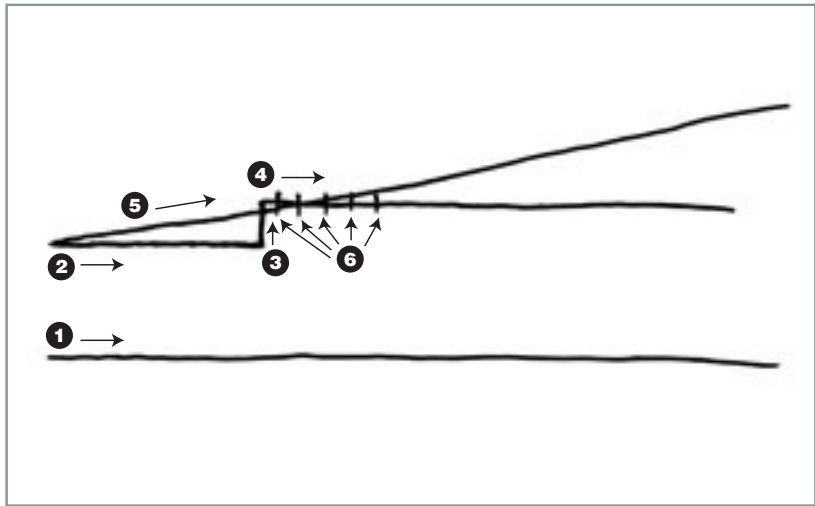
CS: "I guess I would be."

FSM: "You're absolutely right. And unfortunately, that can easily amount to several thousand dollars. GAP not only pays the difference between what you owe and what the insurance company pays, it also pays your deductible. With GAP, you won't end up paying for a car you no longer own."

VISUAL AID FOR 'MY PAYMENT IS TOO HIGH ALREADY!'

CS: "I just can't afford it. My payment's too high already."

FSM: "I can certainly understand your concern, especially since this payment is somewhat larger than your last payment.



Visual aid for " My payment is too high already!"

Look at your last payment; it seems really reasonable today, doesn't it?"

CS: "Yeah."

FSM: "That's because your payment stayed exactly the same for the past four years." (1) And you've had no trouble making that payment. Right?"

CS: "Right."

FSM: (2) "Now this payment is going to be a bit higher; (3) however, just like your last payment, it's also going to stay exactly the same. (4) In the last four years, has your income gone up or down?"

CS: "It's gone up."

FSM: (5) "And as your income continues to rise, this payment will seem smaller and smaller. The first month or two, (6) it may seem a bit of a stretch, but after a couple of months, you'll be used to it, and five years from now, as your income continues to rise, this will be the payment you'd like to have on your next car. One thing I can tell you for a fact, our lenders will never allow someone to have a payment they can't afford. And based upon your current debt to income ratio, this payment will fit within your budget."

YOU'VE GOT TO MAKE 'EM THIRSTY!

Remember, before you draw a picture, you must first get the customer "thirsty" to hear what you have to say, so you're re-

sponding to their request for more information. Then you're helping the customer, not selling the customer.

Next, keep the customer involved as you draw the picture by asking them questions. By using the information they provide as the basis for your illustration, you're allowing them to self-discover the value of your products.

Finally, since every picture is tailored to their unique situation, they can't dispute the information, because they provided it. A customer is much more likely to buy a product when they can see how it will benefit them, and a hand-drawn illustration is one of the quickest and easiest ways to do that.

In fact, one picture can easily be worth a thousand... dollars! ■

Editor's note: Ronald J. Reahard is president of Reahard & Associates, Inc., providing in-dealership F&I training programs, consulting services, and real-world solutions designed to increase F&I income and customer delight. Ron is an AFIP certified course instructor, and helped produce the new AFIP Certification Course CD. He also conducted the F&I Workshop "16.3 Ways To Explode F&I Income... and Delight Customers!" at the 2002 NADA Convention in New Orleans. He can be contacted at 866-REAHARD, or ron@go-reahard.com.