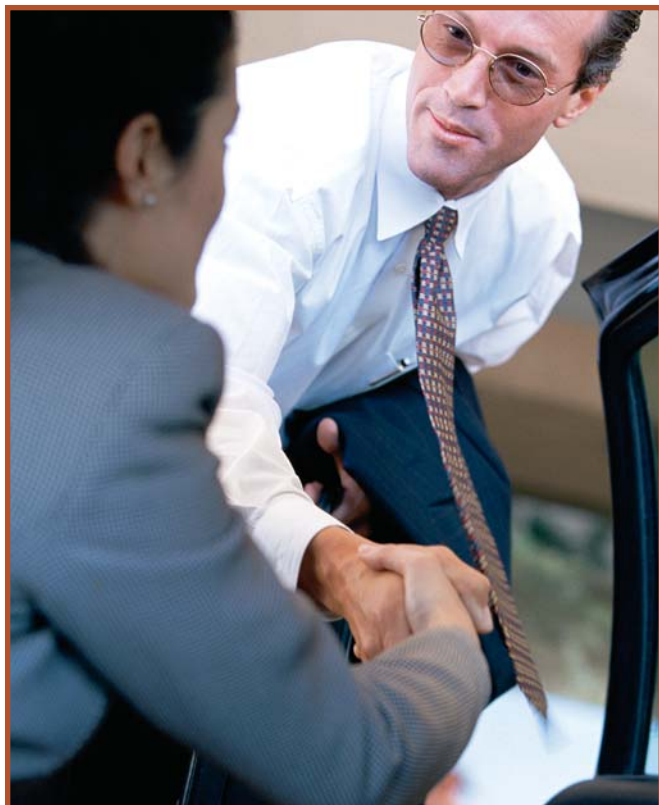


F&I Professional - Or F&I Pretender?

In the F&I world, there are stars and there are also-rans. Are you ready for prime time? Take this quiz and find out!



Summary

There are four characteristics common to successful F&I departments:

1. Dealer commitment to the F&I department and F&I products.
2. Established and consistent F&I processes and procedures.
3. A comprehensive and continuous F&I training program.
4. A professional who truly believes in his or her products.

By Ronald J. Reahard

Pro-fes-sion-al-ism \ n \ : The conduct, aims, or qualities that characterize or mark a profession or a professional person in his or her field of expertise.

Having trained thousands of F&I managers from hundreds of dealerships all over the country, it's been my experience that dealerships with the most successful (and profitable!) F&I departments have four characteristics in common:

1. Dealer commitment to the F&I department and F&I products. Jerry Fader, president and COO of MileOne Automotive Group in Baltimore, believes offering products that offer good value has been a key reason for their growth from 1 dealership in 1978 to 47 dealerships today. "At MileOne, we always try to do the right

continued on page 26

continued from page 26

thing for our customers, and the right thing for our employees. We don't sell cars for more than MSRP, and we only sell F&I products that offer good value for the customer."

Butch Suntrup, president of Suntrup Automotive Group in St. Louis, believes consistency is the key to increasing F&I income at his dealerships. "First, you have to have a consistent message... that F&I products have real value for the customer," he says. "We only offer F&I products we believe in."

2. Established and consistent F&I processes and procedures. Suntrup also feels that "You have to have a consistent F&I process. That's why we require the use of a menu- to make sure that every Suntrup customer is offered every product every time."

According to Fader of MileOne, "We think using an F&I menu is the right thing to do for our customers, and the right thing

"First, you have to have a consistent message... that F&I products have real value for the customer. We only offer F&I products we believe in."



Ron Reahard

"Training our people improves their ability to earn a good living for themselves and their family, and improves our profits as well. Training has been a major part of our success."

4. A professional who truly believes in his or her products.

Dan Boone, F&I director at Beck & Masten Pontiac-GMC in Houston, believes strongly that "the products we offer in F&I change people's lives," and he expects every manager in the F&I department to feel the same way. As Dan says, "Credit life insurance, accident & health insurance, GAP insurance — these are products that change people's lives."

In fact, after his recently purchased GMC was declared a total loss, a Beck & Masten customer sent the dealership a letter thanking Dan Lyon, one of their F&I managers, for convincing him of the need for GAP in-

tude, a commitment to their craft, and a genuine belief in their products. You can tell you're in the presence of a professional by the way they treat customers, their lenders, and their teammates. Their primary goal in every interaction is to help the other person, not just themselves. Because an F&I professional knows that when you help people, the money will follow. So what exactly separates an F&I professional from an F&I pretender? Ten key areas. Take our quiz, and see which category you fall into.

1. Did you buy the products you sell in the F&I office when you purchased your last vehicle?

Yes No I buy some, but not all

It's easy to tell whether or not an F&I Manager really believes in his products. He or she buys them! If you don't buy the products you sell, you're basically telling the entire dealership you don't believe in these products, you're just selling them to make a few extra bucks off their customers. The perception is you're trying to sell products you wouldn't buy yourself, to people who don't want or need them, just to make money. You're not a professional, you're a hypocrite!

2. Do you practice at least 20 minutes per day?

Yes No I practice when I have time.

Be honest: When was the last time you practiced? And not with a customer, that's the game! It doesn't matter whether you're a professional athlete, actor, or F&I manager, professionals practice... every day. Spending 20 minutes a day practicing should be a regular part of your daily activities, just like brushing your teeth.

3. Do you monitor departmental, individual, and lender performance daily?

Yes No

Whenever you monitor performance, performance increases. An F&I professional measures not only departmental performance as to penetrations, profits, chargebacks, and customer satisfaction, but also personal and lender performances.

Do you know what your penetration percentages are, your profit per retail unit, and how that compares to last month and last year? Do you know how many deals you sent to each lender last month, and the percentage they approved, qualified, and turned down?

to do for the dealership. And we don't allow any deviation. In fact, we spot check folders to make sure there is a menu in it."

3. A comprehensive and continuous F&I training program. "We find training is really the key to improving performance and profits," says Suntrup. "At Suntrup Automotive Group, we require all of our F&I managers attend an initial F&I certification class, and use an outside F&I consulting company to provide ongoing in-dealership training each month to ensure every manager consistently follows our process."

Since implementing their ongoing F&I training program a year ago, F&I profits are up 94 percent over the previous year at one of Suntrup's dealerships, and 58 percent at the other dealership! According to Fader, "We believe continual training is the right thing to do for our employees. The better trained our people, the less we have to spend on advertising." He continues,

—Butch Suntrup, president Suntrup Automotive Group, St. Louis

urance, and "fervently" recommending GAP to every one of their customers.

While every successful F&I department has certain characteristics in common, F&I professionals also have certain characteristics in common. Unfortunately, while the dealer may be totally committed to maximizing F&I performance and profits, his F&I manager(s) may merely be committed to maximizing their pay plan. The reality is, F&I managers are common... F&I professionals are rare.

Certainly, an F&I manager's penetration statistics, dollars per retail unit, and average chargebacks are a strong indication of his or her level of competency. Customer satisfaction with their F&I experience is also indicative of the type of treatment they received in the F&I office.

However, being a true F&I professional also requires that a manager possess the qualities of a professional: a positive atti-

What is your look-to-book ratio and portfolio mix at each lender, and how does that compare to what they need?

4. Are you a member of the Association of Finance & Insurance Professionals and either AFIP Certified, or in the process of becoming AFIP Certified?

Yes No

Professionals join their associations, and adhere to the ideals, tenets and practices they promote. Doctors are members of the American Medical Association. Dealers are members of their local, state, and national associations, such as NADA.

Being a true F&I professional requires that you join your association, the Association of Finance & Insurance Professionals. It also requires that you become AFIP Certified as soon as possible to ensure you know the laws and regulations that impact F&I on a daily basis. A professional demonstrates their commitment to, and support of, our industry.

5. Have you established a training program for your salespeople to ensure they understand the laws and regulations they need to be familiar with, as well as their role and responsibilities with regard to F&I?

Yes No

There are two ways to get rich in America today — win the lottery or sue a car dealer. And the odds are a lot better suing car dealers. An F&I professional must help protect the dealership by ensuring everyone is familiar with the laws and regulations for obtaining and using customer credit information, quoting payments and interest rates, and the ramifications of violating Reg Z, the Sherman Antitrust Act, the Gramm-Leach-Bliley Act, the Patriot Act, the Equal Credit Opportunity Act, the Credit Practices Rule, the Fair Credit Reporting Act, the Magnuson-Moss Act, etc., etc., etc.

A huge part of being an F&I professional is training your teammates to protect the dealership from potential litigation.

6. Do you have a plan for your continuing education and continually look for opportunities to improve your skills?

Yes No

Continuing education is critical to your growth as a professional. A true professional strives to become better at their craft every day, embraces every opportunity to improve their skills, and actively seeks out new

ideas and ways to improve their technique.

A professional subscribes to industry publications and looks forward to reading articles that pertain to F&I because they are committed to learning as much about their craft as possible. A pretender finds an excuse not to attend a training class or workshop — since they have already achieved “greatness.”

7. Can you list at least 10 customer benefits for every F&I product you offer?

Yes No

Product knowledge is a fundamental skill that still requires daily practice. Can you relate 10 benefits of financing through the dealership vs. the customer’s own bank or credit union, not one of which can be because of lower rate, since that’s selling price, not product? What about 10 advantages of financing vs. paying cash? Ten benefits of credit life? Ten benefits of accident and health? Ten benefits of every product you offer?

An F&I professional can. An F&I pretender says they can.

8. Do you strive to delight every customer by making the financial process an enjoyable part of the purchase experience?

Yes No

The F&I process should be an enjoyable part of the purchase experience. An F&I professional treats every customer with courtesy and respect, whether or not they buy any F&I products. That means answering every customer’s questions completely, directly, and honestly. It means helping them make the right decision for themselves and their family about the options available in connection with their purchase, whatever that decision might be.

It doesn’t matter how much money you make, if a customer doesn’t leave the dealership with a smile on their face, and a feeling that the person in the F&I office helped them make the right decision.

9. Do you make sure every dealership customer has all of their repayment, risk management, and vehicle protection options explained every time?

Yes No

Every customer is entitled to know all the options available in connection with their purchase. (Not just the ones you want them to buy, or the ones you make the most money on based upon your pay

plan!) Customers want to know what their options are, they just don’t want to have to listen to a sales pitch.

One of the best things about the use of a menu in the F&I office is that it forces you to offer every product to every customer every time. Customers will surprise you every day, and buy products you would never expect them to buy, simply because you offered and explained it to them.

10. Are you willing to change?

Yes No

One of the things that becomes clearer as I grow older is that we live in a world of change. Nowhere is that more evident than in the F&I office. We have more informed consumers, financing available on the Internet, and everybody is selling service contracts.

Those who fight change almost always lose. It’s better to join in the changes, and turn them to your advantage. F&I professionals embrace change as a natural part of the business, and are receptive to new products, new ways to present those products, and they approach every new challenge as another opportunity to improve their skills.

HELPING THE CUSTOMER

A professional recognizes that selling isn’t something we do to someone — it’s something we do for and with someone. Selling F&I products isn’t just about helping the dealership, it’s about helping the customer!

F&I professionals also know the better they become at helping people, the more money they make! F&I pretenders just concentrate on making the most money the easiest possible way.

So which are you, an F&I professional, or an F&I pretender? Give yourself 10 points for every “Yes,” and 0 points for every “No.” If you scored 90–100 percent, you are already an F&I professional. If you scored 70–80 percent, you’re well on your way. ■

Editor’s note: Ron Reahard is president of Reahard & Associates, Inc., providing regional and 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 can be contacted at 866-REAHARD, or www.ron@go-reahard.com. ■