

WANTED:

A Jack of All F&I Trades Classifieds



An F&I manager must perform a broad range of duties, including helping customers, interacting with the sales team and lenders, keeping abreast of changing laws and regulations and maintaining a desired level of dealership profitability.

By Ronald J. Reahard

What are the responsibilities of an F&I manager today? Of course, he or she should exemplify the ideals of a professional, acting with integrity and conducting himself or herself in accordance with the highest standards of ethical conduct. He or she should treat every customer with courtesy and respect, answer their questions completely, directly and honestly, and comply with federal, state and local laws both personally and professionally.

An F&I professional ensures every customer has all repayment, risk management and vehicle protection options reviewed and explained to enable them to

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make an informed decision with regard to the options available in connection with their purchase. Finally, an F&I professional fully discloses to customers the costs, terms and contractual obligations of any finance and/or lease transactions, as well as any products and services offered. But what exactly is their job?

JOB #1: HELP CUSTOMERS

Selling F&I products isn't just about helping the dealership, it's about helping the customer. And the better you become at helping people, the more money you will make in F&I. There is not a business in operation today that is not in business to help customers. If you're not making enough money in the F&I office, it means you're not helping enough customers. You must seek out, with eagerness, reasons why the customer needs each and every one of your products, and help them to see how those products will benefit them.

An F&I professional must have a genuine desire to help customers — not sell customers. When the primary focus is on making money instead of on helping customers, suddenly it becomes very difficult to make money because you're more concerned about your needs rather than the customer's needs.

JOB #2: SECURE THE SALE

Upon notification that a customer has made a commitment to purchase a vehicle, it is an F&I professional's responsibility to meet the customer in the salesper-

son's office. Here you should determine the customer's financial needs prior to submitting his credit application to a lender. The overriding consideration must be to do everything possible to put the deal together, hold the deal together and protect the front-end gross profit.

Whether or not you make any money in the F&I office, an F&I professional must always ensure that the vehicle is sold, stays sold, gets delivered and that the front-end gross profit remains intact. That requires confirming that all information is correct on the purchase agreement and credit application. It also requires converting outside finance customers to dealership financing to ensure the customer's bank or credit union does not discourage the purchase or influence how much they should pay, reducing the sales department's gross profit.

JOB #3: MAKE A PROFIT

Ultimately, each F&I manager's performance is judged by how much money he or she generates for the dealership. The expectation is that an F&I professional will help customers and secure the sale, but performance is still measured by his or her ability to generate additional profit through the sale of F&I products. You do that by knowing your products, believing in your products and by finding and filling customer needs.

People don't buy F&I products because they like the brochure. They buy F&I products because of what those products will do for them. The key is to discover a need that product will fill or a problem that product will help solve. This creates a basis for discussion of that product with the customer.

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Obviously, most dealers don't come into the F&I office and ask, “How

many people did you help today?” They want to know how much money you made. But one thing an F&I professional must never lose sight of is how we generate that profit — by helping customers!

JOB #4: PROTECT THE DEALERSHIP

It is critical that someone in the dealership knows the applicable laws that impact both the sales and F&I departments, and helps ensure compliance by everyone involved in the sales and F&I processes.

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 and quoting payments and interest rates. Everyone involved in the sales process is responsible to comply with Regulation Z, Regulation M, 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. Not only must an F&I professional be familiar with these laws and regulations, he or she must continually train the salespeople and managers to ensure they are also in compliance when obtaining a credit application, pulling a credit bureau report and negotiating the sale or quoting payments.

Today, there can be no packed payments by anyone involved in the sales process, no illegal ties with regard to financing or interest rate and no promises of getting the customer the “best rate” in an effort to sell the vehicle. The sales techniques of yesterday are the felonies of today. One of the best ways an F&I professional can protect the dealership (and himself or herself) is to become certified by the Association of Finance & Insurance Professionals.

JOB #5: NURTURE LENDER RELATIONS

As an F&I professional, you have a responsibility to your dealership and your



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sales force to obtain an approval for every deal possible. Yet the primary consideration must be development of a long-term mutually beneficial relationship between your finance sources and the dealership.

The first step in establishing and maintaining lender relations is to meet your paper buyers and credit investigators. They (and you) need to put a face with that voice on the phone. You have a responsibility to make the time and effort to know what is important to your paper buyers, so they can obtain an unqualified approval on as many deals as possible. When you do your job honestly and effectively, you become an integral part of the credit evaluation process.

Understanding your paper buyers also enables you to accurately anticipate their response to any negative aspects of a particular deal. An F&I professional must develop and maintain a professional relationship with every lender, based upon honesty, integrity and mutual respect.

JOB #6: MONITOR PERFORMANCE

Whenever you monitor performance, performance increases! An F&I professional must measure not only the F&I department's performance as to penetrations, profits, chargebacks and customer satisfaction, but also individual and lender performance. That includes knowing your finance and product penetration percentages, profit per product, profit per retail unit and how that compares to last month and last year.

It also includes knowing how many deals went to each lender. What percent did each approve, qualify or turn down? You should know the average FICO score by lender, average down payment and average percentage of advance. F&I professionals should know their look-to-book ratio and portfolio mix at each lender, and how that compares to that lender's expectations.

JOB #7: TRAIN SALESPeOPLE

An important part of being an F&I manager is training your teammates. That includes training your salespeople regarding the laws and regulations. It involves training them on how to complete a credit application, what they can ask, what they can't ask and what a lender considers when evaluating a deal.

Training also covers how to conduct a proper turnover, how to give a proper introduction of F&I and how to plant seeds that will help the F&I department and help their customers as well.

Helping salespeople understand what a lender considers when evaluating a deal is important. If salespeople understand a lender's guidelines, maximum advance, maximum debt to income ratio, etc., it increases the chances of getting the deal approved.

Remember, it's easy to catch a salesperson doing something wrong. You can find a mistake on almost every deal. Rather than calling every mistake to his or her attention, an F&I professional should attempt to catch a salesperson doing it almost right, until they learn to do it exactly right. Training your sales team helps ensure a consistent sales and F&I process, which in turn increases sales, profits, CSI and protects the dealership from potential litigation.

JOB #8: BE A PROFESSIONAL

F&I managers all have certain characteristics in common.

Certainly, an F&I manager's penetration statistics and dollars per retail unit are a strong indication of his or her level of competency. Customers' satisfaction with their F&I experience is also indicative of the type of treatment they received in the F&I office. However, being an F&I professional also requires that a manager possess the qualities of a professional: a positive attitude, a commitment to his craft and a genuine belief in his products.

You can recognize F&I professionals by the way they treat customers, lenders and teammates. An F&I professional's primary goal in every interaction is to help the other person, not just himself or herself. F&I professionals look, act and sound professional. They never brag about how much money they made on someone. They recognize the efforts of their teammates. They buy the products they sell in the F&I office. F&I professionals continually strive to become better at their craft, embrace every opportunity to improve their skills and actively seek out new ideas and ways to improve their technique.

Despite the numerous changes seen in F&I in recent years, spectacular F&I performance and profits still depend on an F&I professional doing his or her job. When that job is done, it can make the dealership, and the F&I professional, a lot of money as well as keep customer satisfaction high. ■

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