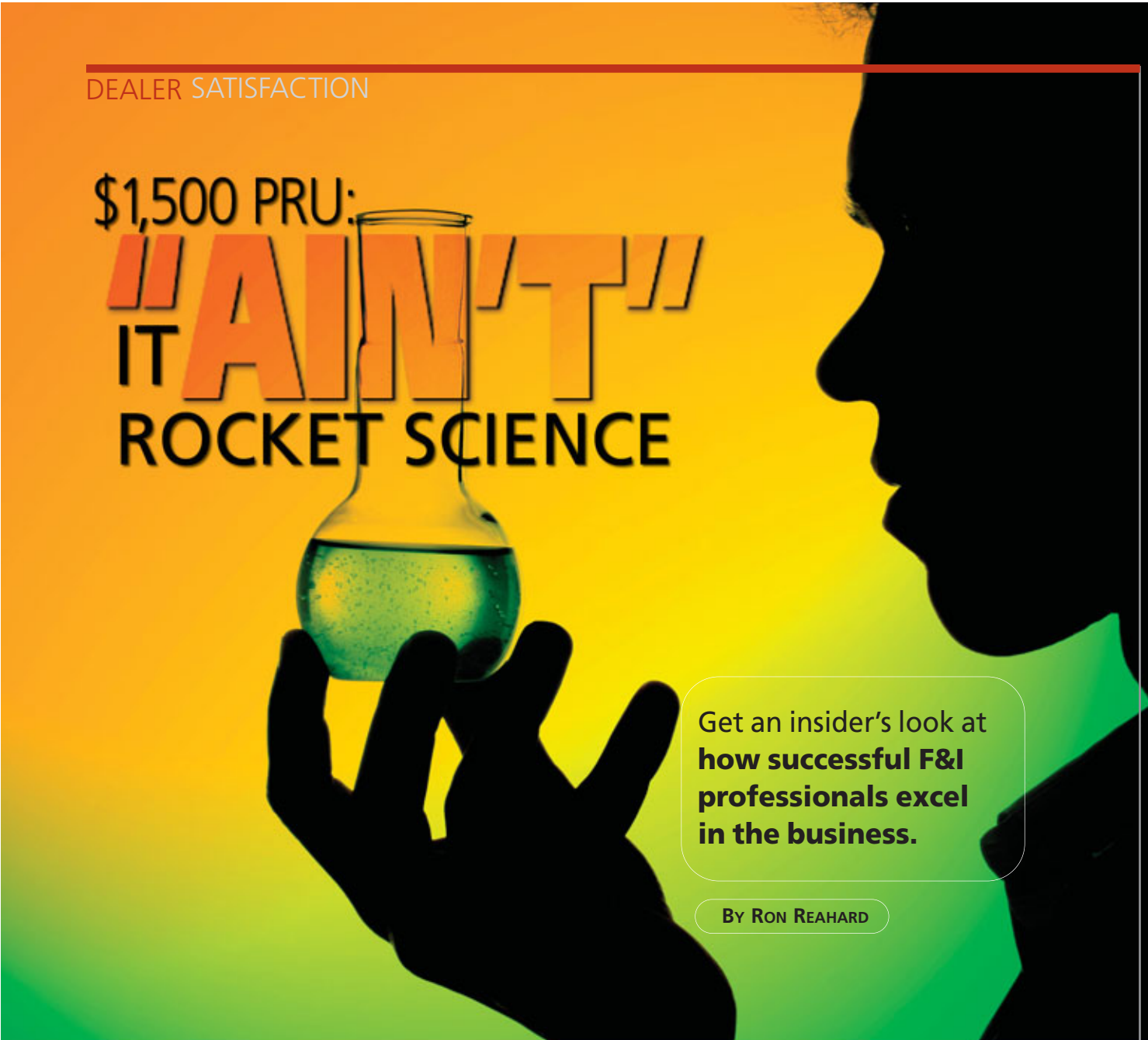


\$1,500 PRU:
"AIN'T"
IT
ROCKET SCIENCE



Get an insider's look at
**how successful F&I
professionals excel
in the business.**

BY RON REAHARD

"Ability is what you are capable of doing. Motivation determines what you do. Attitude determines how well you do it."

— Lou Holtz

It never fails. We visit a dealership to talk about the importance of an ongoing F&I training program, and all the F&I managers want us to do is to confirm that their department is already performing above the norm. What they fail to understand is that F&I excellence begins with establishing daily, monthly and long-term goals that are measurable and have a specific objective. These goals provide the framework for increased productivity, personal growth and job satisfaction. Isn't that what we're after here?

Last year, the average F&I income per retail unit (PRU) topped out at \$445 for new vehicles and \$632 for used vehicles, according to F&I's 2006 reference and statistical directory (available at www.fandimag.com). Yet, the top dealers

in virtually every 20 Group exceed \$1,000 in F&I income, which is the typical benchmark most F&I departments we work with set as their minimum PRU.

The question the F&I department should be asking is how do dealerships across the country routinely hit the \$1,500 mark? That might seem impossible when the national average is close to \$500. Well, it isn't, and it doesn't take rocket science for your sales and F&I operation to achieve that goal.

The key to a consistent and a spectacularly performing F&I department starts with the F&I professionals. They need to be sincerely excited about the prospect of helping their customers, not simply selling them something. It requires a contagious, positive attitude. It requires someone with integrity and honesty — someone who is ethical in everything they do. But it also takes hard work, preparation, product knowledge, enthusiasm and a sincere belief in the products you offer. Individual and daily goals must also be in place. In other words, F&I professionals who routinely hit

DEALER SATISFACTION

the \$1,500 mark don't employ "If I could, would you?" shortcuts.

DON'T SELL ... CONVINCING THE CUSTOMER

Bottom line, F&I managers who fail to convince customers of their product's value never achieve \$1,500 PRU. If you don't learn enough about your customer, you'll



never be able to show them how a particular product can benefit them. Success requires outstanding needs-discovery. Needs-discovery is the foundation upon which any successful product presentation is built.

This doesn't mean memorizing countless word tracks, honing in on the perfect pitch, or using logic traps to wear down a customer's resistance. Today's informed consumers buy F&I products because of what those products will do for them. Identify their needs, or a problem your product can

resolve. Doing so will provide you with the basis for a discussion about your product.

Start with open-ended questions that engage the customer in a dialogue that will enable you and the customer to answer that all important question: "Why does this customer need this particular product?"

KNOW YOUR PRODUCT

In the F&I office, exceptional product knowledge goes a long way. It increases your confidence and your credibility with the customer, and it allows you to tell the customer why the product will benefit them. The more you know about your product — whether that product is tire & wheel road hazard, GAP, or environmental protection — the more you'll understand how that particular product will benefit that particular customer.

If selling more vehicle service agreements (VSA) is what you're after, then learn about the vehicles and the various components covered by your service agreement. If your service agreement covers a throttle position sensor, then know what it is, what happens when it fails and how much it costs to repair. Simply telling the customer the throttle position sensor is

covered by your VSA won't convince your customer of why they need it.

The trick is to take advantage of every opportunity to expand your mechanical knowledge of the vehicles you sell. This expertise will go a long way with your customer. An added bonus is that you'll better understand why the customer needs your VSA, especially with today's increasingly sophisticated vehicles.

REV UP YOUR KNOWLEDGE; SHOW SOME EXCITEMENT

You not only must have product knowledge, but you must also be enthusiastic about the outstanding value of the products you have to offer in the F&I office. Every salesperson, every manager and every customer has to know that you are genuinely excited to have an opportunity to fulfill your customers' needs for F&I products.

No matter if you've been an F&I manager for five months or for 15 years, you make a choice every day. Either you can

TOTAL PRODUCT INCOME ->	\$ 83,868.75
AVERAGE PROD INC PER DEAL ->	\$ 1,118.25
AMA AVERAGE ->	\$ 638.25
AMA + SVC AVG ->	\$1,438.25

GOALS	TOTAL DEALS	PFU->	\$ 1,765.59		
	75	PRU->	\$ 1,500.75		
	PENETRATION PERCENTAGE	AVERAGE PER COPY	TOTAL INCOME BY PRODUCT	NUMBER OF PRODUCTS SOLD	THE MIX
RESERVE	85%	\$450.00	\$28,687.50	63.8	25.49%
VSA	60%	\$800.00	\$36,000.00	45.0	31.98%
GAP	55%	\$300.00	\$12,375.00	35.1	10.99%
CREDIT LIFE	25%	\$300.00	\$5,625.00	15.9	5.00%
DISABILITY	20%	\$400.00	\$6,000.00	12.8	5.33%
TIRE & WHEEL	40%	\$225.00	\$6,750.00	30.0	6.00%
ENVIRONMENTAL	40%	\$230.00	\$6,900.00	30.0	6.13%
THEFT DETERRENT	25%	\$225.00	\$4,218.75	18.8	3.75%
VEHICLE RECOVERY	20%	\$300.00	\$4,500.00	15.0	4.00%
PPMAINTENANCE	10%	\$200.00	\$1,500.00	7.5	1.33%
OTHER	0%	\$ -	\$ -	0.0	0.00%
OTHER	0%	\$ -	\$ -	0.0	0.00%
OTHER	0%	\$ -	\$ -	0.0	0.00%
			\$ 112,556.25	2.500	74.51%
			TOTAL GROSS F&I INCOME	PPRU	TOTAL % OF PRODUCT INCOME

be enthusiastic about the challenges and opportunities you face, or you can feel sorry for yourself because the credit union lowered rates, State Farm is selling GAP and vehicle service agreements are available for less at Sam's Club.

Just remember: Enthusiasm without knowledge is drivel, but knowledge without enthusiasm is boring.

BELIEVE IN YOUR PRODUCTS

Do you believe in your products and what they can do for your customer? More importantly, can you demonstrate this belief on a daily basis? A good F&I professional can. If you don't really believe in the products you're selling, then you're in the wrong business.

An F&I professional should believe in their products and demonstrate that belief by buying what they sell. If you sell Nissan vehicles, then you should drive a Nissan. Same goes for F&I products. It's extremely difficult to sell credit insurance, window etching, or paint sealant if you don't believe in it. If you don't buy the products you sell, you're essentially telling every salesperson in the dealership that you're just there to make money. And that's not how successful F&I professionals go about their business.

DON'T WISH FOR SUCCESS, PLAN IT

Do you have a plan? Success doesn't happen simply because you want it to or because you hope that'll be the result. It happens because you have a plan of attack. If reaching the \$1,500-PRU mark is your goal, how are you going to get there? Start with intermediate and long-term goals that are specific, measurable and attainable. This involves daily, monthly and long-term planning that provides an outline for increased productivity, personal growth and job satisfaction.

The importance of setting goals is that they tend to serve as a motivation for your F&I department, so make sure your objectives are realistic. Initially, your goal might be achieving 1.5 products per retail unit (PPRU) and a \$1,000 PRU. As performance improves, you can stretch a little further each month until you achieve an average of 2.5 PPRU and \$1,500 PRU (see sample goal sheet). Don't fall into the

trap of setting goals that aren't truly achievable, and concentrate on planning and making every moment count. This will help improve the department's skills, allowing your F&I operation to reach progressively higher intermediate goals.

CARE ABOUT THE CUSTOMER

As Zig Ziglar, the famed sales guru and motivational speaker, once said, "People don't care how much you know until they know how much you care." Caring demands that you seek out reasons why the



customer needs each and every one of your products. It requires that you listen to your customers and encourage questions so your pitch sounds more like a conversation than a presentation.

Caring requires selling every product from a position of strength — concentrating on what is truly best for the customer. Caring means that you have a genuine desire to help customers, not sell to customers. Caring means that you never forget that your job in the F&I office is NOT to make money. Your job is to help customers, because the more people you help, the more money you make.

PRACTICE MAKES PERFECT

Achieving your goals requires the strength and will to force you to pay the price of success. Your success as a financial services professional depends, to a

large degree, upon having the self-discipline to organize and prioritize your daily activities to include at least 20 minutes of practice time each day. Review product benefits and your customer-discovery questions. You should also practice using visual aids to overcome customer objections. Professionals are never satisfied with their current performance, but are committed to becoming one percent better every day.

F&I, like any sport or occupation performed at the professional level, must be studied and practiced daily. And each product presentation must be tailored to the customer's unique needs. However, a financial services process must follow an organized, consistent format to ensure every customer receives a thorough explanation of their options in a minimal amount of time and with a maximum chance of F&I product sales. All of this takes practice — daily practice.

Your daily routine should include a review of open-ended questions that discover customer needs for various products, as well as drills and self-testing that ensure continuous improvement in your product knowledge. Painting pictures with words to help customers see themselves in a situation will help them realize the benefits of a particular F&I product. Rehearse your presentation by attempting to anticipate your customer's concerns and objections. Delivering a customer-focused, needs-based product presentation is your key to achieving the goals you set out for yourself.

All of this takes discipline.

Preparation, comprehensive product knowledge, genuine enthusiasm and a sincere belief in your products are the keys to outstanding F&I performance. It means setting specific, measurable and attainable goals. It also requires that you truly care about the customer and that you practice on a daily basis. Achieving \$1,500 PRU is not easy, but it "ain't" rocket science! ■

Ron Reahard is president of Reahard & Associates Inc. Ron will be conducting two workshops at the 2006 F&I Conference and Expo in Las Vegas, "Objections Are A Great Thing!" and "Using All The Tools In Your Toolbox!" Contact Ron at 866-REAHARD or www.ron@go-reahard.com.