

# WRITTEN IN STONE


In his 2009 movie “Capitalism: A Love Story,” Michael Moore depicts capitalism as a morally bankrupt system that is exploitative and dehumanizing. He believes it enslaves millions of workers so that a greedy few at the top can become rich on the backs of those at the bottom. Yet the extraordinary level of prosperity achieved by those countries whose economic systems are based on capitalism and free enterprise is a historical fact.

The great thing about capitalism is that a person’s income is determined primarily by the value he or she adds to the economy. That value can come in the form of a great new idea, a fantastic product or outstanding customer service. Capitalism is the only economic system that rewards hard work, ability and achievement, regardless of where one started out in life. Socialism penalizes hard work and rewards sloth, and the end result is typically hardship, poverty and moral decay.

Of course, as with any economic system, there are winners and losers. The winners — those who are smart, honest, who work hard, are fiscally responsible and disciplined — often become extremely successful and wealthy. Those who are ignorant, dishonest, lazy, fiscally irresponsible and undisciplined just as often become dependent on government handouts. In fact, capitalism financially rewards virtue and punishes vice. If you want to spend all your money on booze, cigarettes, lottery tickets and body piercings, you’ll probably never win the TIME Quality Dealer of the Year award. But, chances are, you will qualify for all kinds of government aid.

## REWARDS FOR DEALERS

Dealers, sales professionals and F&I manag-



**The current political climate is unfriendly toward profitable dealerships and productive F&I departments. The best way to change the conversation is to remind the public that dealers are not just in it for themselves.**

ers play a critical role in our economic system. If they do their jobs well, and do them right, they should be financially rewarded for doing so. If they do it exceptionally well, they should be exceptionally well-rewarded. That’s been the promise of our country for more than 200 years.

I am tired of successful business owners being demonized because they worked hard and became wealthy. These are men and women who have risked everything they own, who got ahead through their own ingenuity, who have worked six and seven days a week to build their own successful businesses, and as result, they made money. Maybe even a lot of money. But somehow, having a profitable business has become a bad thing. Because, as we’ve now been informed, “If you’ve got a business, you didn’t build that. Somebody else made that happen.”

In reality, capitalism is the only economic system that is both moral and just. To quote C. Bradley Thompson, a political science professor at Ohio’s Ashland University, “Capitalism is the only moral system

because it requires human beings to deal with one another as traders — that is, as free moral agents trading and selling goods and services on the basis of mutual consent. Capitalism is the only just system because the sole criterion that determines the value of the thing exchanged is the free, voluntary, universal judgment of the consumer. Coercion and fraud are anathema to the free-market system.”

So too are government fiat dictating how much profit businesses should be allowed to make on their products. That’s what the free market is for. If the customer feels the price of the car or the interest rate on their loan is too high, there are thousands of other dealers and lenders out there who will be more than happy to sell them a car and finance their purchase. While some might charge less, others will charge more.

Competition forces a business to become efficient, because the only way to make a profit is to sell a product or service for more than it costs you to produce it. Our industry offers a prime example: Because of the

volume of business a dealer can direct to a particular lender, automobile dealers have been able to negotiate lower interest rates with their finance sources to allow them to make a profit on the financing. Yet the CFPB wants to eliminate finance reserve, because in their opinion, dealers should not be able to mark up interest rates. There goes any incentive for a dealer to find a customer a lower interest rate.

As a successful business owner, I believe every dealer needs to ensure the F&I department is viewed by every customer, lender and regulator as adding value to the customer's purchase experience. Just look at what dealer-arranged financing adds to the equation:

- Makes financing a vehicle easy and convenient for our customers,
- Helps them obtain acceptable financing at competitive terms,
- Increases the number of repayment options they have available,
- Requires a trained F&I professional to explain the various repayment, risk management, and vehicle protection options available in connection with their purchase, and
- Allows them to decide which of those options will most benefit them and their family.

Author and leadership expert Simon Sinek believes that truly great leaders think, act, and communicate who they are and what they do from the inside out. He might ask, "What is your purpose, what is your cause, what is your belief, what is your reason for being?" That's what I believe we have to do with regard to the F&I department. We have to start with "Why?"

Why do we even offer financing and other aftermarket products to our customers? It must be because we believe each of these products will improve our customer's ownership experience. In fact, some F&I products could potentially be life-changing. The purpose of every business, of every department, is to deliver something of value to the customer in exchange for money.

Yes, we often need reserve income to make a profit. But if that was the F&I department's sole function, it would be of no value to the customer, and it would cease to exist. Car buyers benefit from having a personal advocate who will speak to multiple lenders on their behalf.



**F&I pros help dealers make a profit on each deal, but that's not their only job. They negotiate with lenders on the buyer's behalf and sell the products that help them secure their purchase.**

I believe the future of the finance office depends on our ability to communicate its purpose to the regulators, the public and the media. We have to start every discussion with every lender, every vendor, and every regulator with how F&I benefits the customer, not how it benefits the dealership.

People don't buy what you do; they buy why you do it. Profit cannot and must not be the primary reason why you're in business, why you have an F&I department, or why you participate in the interest earned on a loan. Profit is the result of hiring and training F&I professionals with the knowledge, expertise, and resources to help customers make a better decision with regard to the options available in connection with their purchase.

There is not a business in operation today that is not in business to help customers. If

you want to make more money, help more people. If your F&I department is not making enough money, it's not because of limits on finance reserve. It's because your F&I managers are not helping enough people see the benefits of the products being offered.

As a business owner, the emphasis every day, in every interaction, with every customer by every employee in your dealership, must be on helping people. That's what capitalism does. That's what a business does. It's a fundamental principle of selling. And that's not some new concept or made-up theory. In fact, it's written in stone. **ADM**



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