

F&I pros are responsible for product sales, but dealers must support them by providing ongoing training and emphasizing the need for airtight processes and advanced product knowledge.



THE SCOURGE OF APATHY

Dealers who wish to meet the \$1,400 PRU benchmark must be willing to invest time and money in people, preparation and product knowledge.

Sir William Osler (1849–1919) once said, “By far the most dangerous foe we have to fight is apathy — indifference from whatever cause, not from a lack of knowledge, but from carelessness, from absorption in other pursuits, from a contempt bred of self-satisfaction.”

Whenever we talk to dealers or dealer groups about their need for a consistent, compliant and customer-focused F&I process, they all ask the same question: “What do you think constitutes a ‘good job’ in the F&I office?” Often, what they really want us to do is confirm that they are already doing a great job in F&I, and they don’t need additional training.

Most dealers (and virtually every F&I manager) feel as though they’re already doing a good job because they routinely exceed other dealers in their area or their 20 Group. As long as they’re above average, there is probably not a lot of room for improvement, and no need for additional training. If their numbers aren’t great, it’s because “Our customers are different,” “We don’t believe in “high pressure,” or “We won’t sell a bunch

of ‘worthless’ F&I products like those other dealers.”

Yet all six of the publicly traded dealer groups in the U.S. consistently exceed \$1,000 profit per retail unit (PRU) in F&I income, with most averaging closer to \$1,200 or \$1,400. Several privately held dealer groups exceed those numbers. The question is, if your dealership’s F&I product sales and F&I income aren’t where you want them to be, why aren’t they? Achieving consistent and spectacular performance in the F&I office takes the right people, proper preparation, outstanding product knowledge, a true F&I department, and the right pay plan. Let’s take a closer look at each facet.

1. PEOPLE

Finding a true F&I professional is the goal of every dealer. Yet many dealers have no process to find and train people for this critical position. The best dealers don’t wait until they need an F&I manager to start looking for one. Whether you need salespeople, a service writer, or an F&I manager, if you want “A” players, you have to always be on

the lookout for “A” players. Where do you find qualified people with the talent and ability necessary to succeed in F&I? There are three main areas you can look for a prospective staffer: your own dealership, a competitor’s dealership or sales or finance professionals from outside the auto industry.

Obviously, there are pluses and minuses to each approach, but the best candidate is probably already on your team. Most dealers prefer to promote from within, so the first thought would be to promote your “best” salesperson. Unfortunately, selling intangible products requires a completely different skill set from those needed to sell vehicles. The best F&I candidate is not the salesperson who sells the most units, but the one who consistently has the highest grosses and CSI. He or she is already good at selling an intangible — themselves. In the F&I office, every customer asks themselves whether the person on the other side of the desk is trying to help them or sell them. How they answer that question in their own mind will determine whether or not your F&I manager is able to help them see the value of the products.

2. PREPARATION

Many dealers will never see a \$1,400 PRU because their F&I managers simply don't have the ability to help enough customers "see" the value of their products. They never learn enough about the customer to demonstrate how a particular product will benefit them specifically. True preparation requires outstanding needs discovery, the foundation upon which every F&I pro must build every product presentation.

To do that, one must ask open-ended questions and engage the customer in a dialogue that will enable the manager and the customer to answer that all-important question: "Why does this particular customer need this particular product?" Otherwise, all he or she can do is spew forth product benefits, hoping one of those benefits accidentally runs into a customer need. Once the customer gets a whiff of "commission breath," they know he or she is not trying to help them; they're trying to sell them.

3. PRODUCT KNOWLEDGE

With the Internet on their side, any customer can become an expert — or at least convince themselves they are. All they have to do is Google "extended warranty" to learn just about everything there is to know about service contracts. In the F&I office, the greater your F&I managers' product knowledge, the greater their confidence and credibility when discussing a particular product with a customer. Product knowledge increases the customer's need for your team's expertise as they try to decide which, if any, F&I products will benefit them.

If you want your F&I managers to sell more vehicle service agreements, they need to know about component parts. Today, service technicians don't fix anything. They just replace components. If they want to sell environmental protection, your F&I managers need to know about thermoset enamel. If they want to sell tire-and-wheel road hazard protection, they certainly need to know what the aspect ratio of a tire is. And if they want to sell painless dent repair, they need to know about metal memory. Demand that your managers take advantage of every opportunity to expand their product knowledge. It will give them credibility and inspire the customer's trust in their expertise.

A TRUE F&I DEPARTMENT

In some dealerships, there is a trend toward having the sales desk assume a number of the duties and functions that have traditionally been the responsibility of the F&I department. Taking credit applications, pulling credit bureaus, submitting deals to lenders and quoting payments and interest rates are done without the F&I department even being involved. The F&I department then prepares the paperwork under the terms that have already been agreed to, then tries to sell the customer additional products. As far as the customer is concerned, the deal is already done.

To ensure the F&I process adds genuine value to the customer's purchase experience — and to protect the dealership — the F&I department must be involved in helping the customer obtain acceptable financing. Once the customer makes a commitment to buy, it is absolutely essential that an F&I manager interview each customer prior to submitting deals. He or she has to confirm the information is correct, as well as learn the details and circumstances surrounding any adverse information, to provide a paper buyer with sufficient reasons to justify an approval.

Properly used in the customer interview, the credit application and credit bureau report can significantly increase the chance of obtaining an approval. More importantly, they provide the foundation for a needs-based product presentation in the F&I office, so the F&I process and the F&I manager is perceived by the customer as adding value, not aggravation, to their purchase experience.

PAY PLAN

An F&I manager's pay plan is his or her job description. A good F&I pay plan compensates an F&I manager based upon productivity. A great F&I pay plan motivates managers to excel, reinforces your commitment to customer satisfaction, and ensures continuous improvement in F&I productivity and profits.

Today's F&I manager is responsible for selling a multitude of products, including everything from dealership financing to key replacement. An F&I manager's pay plan must reflect their performance in all of these

areas, the total profit generated, as well customer satisfaction with the financial services process.

The best pay plans all have four things in common: First, they are simple. If you have to write it out to explain it, your pay plan is too complicated. Second, the more money the F&I manager generates for the dealership, the more money he or she makes. Third, the pay plan reinforces the dealer's commitment to *all* the products being offered in the F&I office. Finally, it helps ensure customer satisfaction and instills the expectation of continuous improvement. That means CSI and ongoing training have to be part of your compensation plan!

ONGOING TRAINING

Wherever your F&I managers received their initial training, implementing an ongoing training program will increase their product sales and income — and your bottom line. When ongoing training is something that is both expected and tracked, F&I now becomes a career, not a job. Ongoing training also reduces turnover and ensures no F&I manager is irreplaceable. If you think spending money to train your F&I managers and having them leave is expensive, try not training them and having them stay.

Performance doesn't improve because you demand it. Performance improves when you implement a process to ensure it happens. With an ongoing training program, goals now become achievable. Complacency is not acceptable. Continuous improvement is expected. "Here's where you are, here's where we need to be, and here's how we're going to get there." Every dealer tracks performance. But if you really want to see performance improve, you also have to track effort.

Exceptional F&I performance and profits are only achieved by those dealers who are willing to invest in their team. The real question is, if your F&I numbers aren't where you'd like them to be, is it due to apathy or complacency?



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