



The Follow Up

The magazine's F&I wiz lays out a plan for re-pitching a service contract to customers who declined the product at the time of delivery. **By Ron Reahard**

Our question this month comes from Ryan in Independence, Mo., home of the Lake City Army Ammunition Plant. Let me tell you, those folks can make some bullets! Ryan says, "Ron, I'm having good luck with my service-contract penetration. However, I'd like to find a way to do better with the people I've missed. Do you have any suggestions for a program to help me capture those missed sales opportunities?"

Ryan, having a consistent follow-up process for customers who elect not to purchase the service contract at the time of delivery is something every dealership and F&I professional should have. The easiest way is to hire an outside company to do it for you. But it's also the least profitable option, as these firms typically pay your dealership a flat dollar amount for every service contract they sell.

I think you will have better success and realize significantly more profit if you develop your own in-house follow-up program. It should contain the following two components: a consistent process for selling service contracts in the service drive, and an ongoing, multi-phase direct marketing approach.

For both components to work, you first have to put in place a process by which you can easily identify and track every customer who did not purchase a service contract. And that process needs to track these customers for a minimum of three years. This database, whether it pulls from your dealership's DMS, your CRM, or an Excel

spreadsheet you create, must also include each customer's name, contact information, date of purchase, and the vehicle he or she purchased, including the VIN.

Your database should also include the customer's preferred method of contact. This information is critical for your direct marketing efforts, because any follow-up contact should be based on the customer's preferences. Your database also needs to be continuously updated, because you'll want to access it on a daily — or at least a weekly — basis.

Now, if you are unable to convince a customer of the need for a service contract at the time of purchase, the next best place to sell it is in the service drive. The first part of your follow-up plan must be to give every service customer an opportunity to purchase a service contract while his or her vehicle is already in for repair or maintenance. This has to be standard operating procedure whenever a service advisor writes a repair order (RO).

Implementing this part of your plan requires that your service advisors have the ability to quickly determine which vehicles do not have a service contract as they pull into the service drive. This is simple and easy to do. All you need are two colors of small, half-inch adhesive dots from any office supply store.

Whenever you deliver a new vehicle, place a dot on the back of the inside rearview mirror — one color signifying that the customer bought the service contract, the other color

if he or she did not. This dot instantly informs the service advisor as to whether the customer purchased a VSC the moment the vehicle enters the service drive.

But to make this process work, your service advisors must be able to make the customer "thirsty" for information about the service contract before his or her vehicle's service work is completed. The best way to do that is by arming your service advisors with a visual aid that illustrates the manufacturer's warranty.

As they write up the RO, they can place an X on the visual to show the customer how much coverage remains, based on the duration of ownership and the miles on their vehicle (See an example of this in my August column, Page 38). Obviously, you'll need to train your service advisors on how to use it to set up the sale. You'll also have to pay them exceptionally well every time they sell one.

Check out my video response to Ryan's question and others by visiting my So Here's the Deal blog at www.fi-magazine.com. Next month, we'll look at how to implement your own direct marketing follow-up program. Until then, remember, it's a beautiful day to help a customer. ■

Ron Reahard is president of Reahard & Associates Inc., a training company providing F&I classes, workshops, in-dealership and online training. Use your mobile phone to record a brief video (shot landscape style!) of you posing your question and upload it to www.hightail.com/u/REAHARD.