

Dealership Development's F&I Income Development



**DEALERSHIP
DEVELOPMENT INC**
PROFITS THROUGH COMPLIANCE

References

The Autobarn Group – 12 years

Mazda – Nissan – Volkswagen

Richard Fisher

(847) 951-3360

M’Lady Nissan – 20 years

Jim M’Lady

(815) 459-2288

McCue Chevrolet

Tim McCue

(630) 584-9700

Fletcher Jones – 9 years

Mercedes – Volkswagen – Audi – Honda

Mike Sullivan

(312) 628-4000

Fox Lake Toyota

Jim Daluga

(847) 587-9200

Liberty Auto City – 20 years

Chrysler – Dodge – Jeep – Subaru – Suzuki – Hyundai – Mazda

Joe Massarelli

(847) 362-2683

Liberty Auto Plaza – 20 years

Volkswagen – Nissan - Kia

Joe Massarelli

(847) 680-8000

Sherman Dodge – 7 years

Dave Dickens

(847) 982-9500

Willowbrook Ford – 15 years

Roger Rudin

(630) 986-5000

CONSULTATIVE SELLING

Consultative selling requires that you are perceived as a consultant to the customer. The more successful you are at convincing the customer you are there to help them, the easier it is to overcome objections and close.

The only way to become a consultant to the customer is to gain their trust and to be more knowledgeable about your products and business than they are. In other words be prepared.

Three Easy Steps to Consultative Selling

1. Create a relaxed, friendly environment. (Gain the customers trust.) The first step in the consultative selling process, and any successful process for that matter, is to gain the customers trust. To do this the first 2 to 3 minutes with the customer are critical. This time must be used to find common ground and create a relaxed, friendly environment.

How to create a relaxed, trusting environment:

Enjoy your work and greet each customer with a warm and sincere smile.
Engage the customer with questions about themselves, family or points of interest to them.

Listen intently and be sincere in your interest.

Always remember to use the customers name when speaking to them.

2. Educate yourself. With the internet today customers are more knowledgeable than ever before. It is of the utmost importance that you as the “consultant” know more about the products and services that you are selling than the customer.

3a. Educate the customer. Fully disclose to the customer why your product or service is needed then show them how your product or service fills those needs.

3b. Assist the customer in a decision. Consultative selling is a soft sell approach; however, positive pressure must still be applied to help close the sale. This step becomes much easier when you have created a trusting environment. By this time the customer will accept the positive pressure because they are convinced you are trying to help them. At the end of the positive pressure there must be a decisive closing question. Always remember, to close a sale you must ask a closing question.

HINT: With consultative selling the salesperson must be sold on the products or services before they can sell the customer on the products or services.

F&I DELIVERY PROCESS

1. Create a relaxed trusting environment
2. Fact find/introduce menu
3. Review deal and menu
4. Step sell
5. Close
6. Complete paperwork

1. Create a relaxed, trusting environment

At the sales persons desk create a relaxed, trusting environment. Congratulate the customer with a comfortable smile. Engage the customer with questions about them and their family. Listen intently. Show interest and be sincere.

2. Begin in a conversational way to investigate

Key Questions

How long are you keeping the vehicle?

Approximately how many miles do you drive per year?

Do you plan on keeping up with manufacturers required maintenance?

Where do you plan on having your vehicle services done?

Will they be paying cash or financing

(If paying cash ask do we need to record a lien? Let the customer know they will be taking the vehicle today).

(Step one and two should take less than five minutes)

3. In the F&I office review the products

Be sincere and let the customer know you and the dealership believe in the products the dealership is offering. It is very important to let the customer know that while the products are optional. The dealership believes they are important to having a happy ownership experience.

4. Step sell products

This step is forgotten by most. It is not enough to introduce the menu and then try to overcome objections. You must have rehearsed presentations for each product. Product knowledge is a must.

5. Close

This is much simpler than it seems. If you have created a relaxed, trusting environment, and you really believe in these products, you can be assumptive with your close. Always use an alternative choice close, so that no matter which answer the customer chooses you close. Remember to close a sale you must ask a closing question.

(Steps three through five should take no more than thirty minutes.)

Note: As a rule of thumb the longer a customer stays in the F&I office the lower the C.S.I score

Complete paper work

It is important to get all paperwork right the first time. Take the extra 1 to 2 minutes in front of the customer to double check signature and numbers

MENU PSYCHOLOGY

With menu selling as it was originally intended, the selling doesn't end with the first no – that's where it begins. In fact, the initial menu presentation is set up to allow specific customer profiles to get the no off his or her chest. These customer types rarely listen to the initial presentation due to the no preoccupation. The customer's anxiety along with the anticipated confrontational response from the F&I manager will often filter out key points of the initial sales pitch. Once the no is out and the manager casually acknowledges the declination without confrontation, the customer is much more likely to be open to follow-up. With a more relaxed customer, we're in a much better position to engage them in an informative exchange on our products.

Many Business Managers think the menu replaces step selling. This couldn't be further from the truth. Once you have completed the initial menu presentation and you get the "no" out of the way. This is when you begin to step sell each product with a well rehearsed presentation. When presented properly, the menu introduces all the products the dealership wants to sell in a non-confrontational manner and sets up a relaxed environment for the Business Manager to step sell each product to the customer.

Menu selling is designed to be non-confrontational. But it is not designed to be low pressure. The right training teaches a manager how to apply the needed pressure without upsetting or alienating the customer.

INCOME DEVELOPMENT BUSINESS PLAN FOR FINANCE AND INSURANCE

1. Clear Cut Objectives and Business Plan

Dealership Development will begin the profit improvement program with an initial objectives meeting with the Dealer. Once the objectives are agreed upon there will be a meeting with Dealership Development personnel, the Dealer Principal and Management to review the objectives and the business plan.

It is vital that all the managers know that the dealer backs the business plan and that there must be cooperation with Dealership Development to make this program successful.

2. Advocate the “3 Product Philosophy”

Dealership Development believes a successful F&I department, while maximizing product sales, should also present the image of a “banker” to the customer, therefore it is important to avoid looking like a peddler of any product and to look like a professional promoting only the products with the most value.

The top F&I producers in the country use the 3 product philosophy to achieve a balance between maximizing profits and keeping a professional image with the customer.

We believe your finance department should become experts at selling service contracts and 2 other products.

Dealership Development will help teach this philosophy in your dealership.

3. Installation of a “Menu Selling” System

Dealership Development believes that is it extremely important to use menus with 100% of your customer today.

Menu selling will help improve your dealership in the following areas.

Helps promote Attorney General Compliance

Helps promote total disclosure of products.

Helps promote the 300% Rule. (The 300% rule is defined as offering 100% of the products to 100% of your customers 100% of the time)

Helps promote our three product philosophy

4. Requires Daily Use of Electronic Finance Log

Dealership Development is a firm believer that if your F&I Department knows they are always being monitored, they will automatically be more accountable for top performance. We also believe the old adage: *“you don’t get what you expect, you get what you inspect.”*

Therefore, the first and most important step toward constantly maximizing Finance and Insurance profits is to consistently track F&I sales.

By requiring your Finance Managers to track each F&I delivery daily allows upper management to identify poor performance and then correct it before the end of the month.

We would begin the profit improvement process by requiring the installation of our electronic F&I log which constantly updates penetrations and profits that can be reviewed 24/7 on line and on time.

5. Biweekly Training and Service Visits

You can expect Dealership Development to make a service and training visit to your dealerships at both the middle of the month and the end of the month.

During these visits, we will require a short meeting with your General Manager and your F&I Manager and then conduct training.

These visits are important for these reasons:

1. Your F&I Managers know their performance will always be reviewed.
2. Coming in twice per month, allows us to correct any sales problems before the month is wasted.
3. Deal jacket audits to track proper menu use.
4. E-mail contact reports to the necessary personal

6. Products

Extended Service Contracts

New:

Used:

GAP:

Road Hazard:

Etch:

Other:

Dealership Development, Inc.

Phone No. 847-882-1095 Fax No. 847-882-1098

Month:

Dealership:

Finance and Insurance Summary

Totals

	NEW	USED	Totals
<i>Retail Sales</i>	133	67	200
<i>Leases/Non-Finance</i>	16	0	16
<i>Finance Contracts</i>	95	56	151
<i>Life Contracts</i>	0	1	1
<i>Disability Contracts</i>	0	1	1
<i>Gap</i>	24	31	55
<i>Tire & Wheel</i>	28	14	42
<i>Bi-Weekly</i>	21	13	34
<i>Maintenance</i>	0	0	0
<i>Service Contracts</i>	48	27	75
<i>PENETRATION STATISTICS</i>			
<i>Finance Contracts</i>	71%	84%	76%
<i>Life Contracts</i>	0%	2%	1%
<i>Disability Contracts</i>	0%	2%	1%
<i>Gap</i>	25%	55%	36%
<i>Tire & Wheel</i>	21%	21%	21%
<i>Bi-Weekly</i>	16%	19%	17%
<i>Maintenance</i>	0%	0%	0%
<i>Service Contracts</i>	36%	40%	38%
<i>INCOME TOTALS</i>			
<i>Finance Contracts</i>	\$74,809	\$40,251	\$115,060
<i>Life Contracts</i>	\$0	\$312	\$312
<i>Disability Contracts</i>	\$0	\$554	\$554
<i>GAP</i>	\$10,351	\$15,809	\$26,160
<i>Tire & Wheel</i>	\$2,066	\$1,405	\$3,471
<i>Bi-Weekly</i>	\$2,100	\$1,300	\$3,400
<i>Maintenance</i>	\$0	\$0	\$0
<i>Service Contracts</i>	\$34,297	\$18,009	\$52,306
<i>Total Depart. Income</i>	\$123,623	\$77,640	\$201,263
<i>AVERAGES</i>			
<i>Income Fin. Contracts</i>	\$1,301	\$1,386	\$1,333
<i>Income per Unit</i>	\$929	\$1,159	\$1,006
<i>Service Contracts</i>	\$715	\$667	\$697