



F&I in an X&Y World

Is your current F&I sales process adding value or alienating customers? In today's world of Google, Myspace and YouTube, word-tracks are like 8-tracks: obsolete. Expert explains how to give today's Generation X and Y customers what they want: a fast-paced, non-confrontational buying experience.

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By Ronald J. Reahard

In today's world where consumers can find anything they want with the click of a mouse, Generation X (born 1965–1976) and Y (born 1977–1998) customers hate waiting. They're impatient. They want things now, not later. They hate sales pitches, sales pressure and someone who won't (or can't) answer their questions. Generation X and Y consumers also hate someone who wastes their time. They're media savvy, they're skeptical and they don't trust salespeople. The old "throw them against the wall and see what sticks" doesn't work when they walk in with an online approval from their credit union.

Word-Tracks and 8-Tracks

Generations X and Y want hands-on, direct product contact. What they don't want is someone read-

ing the coverage from a brochure, or someone regurgitating a word-track some old-school F&I trainer made them memorize. They seek out knowledge and expertise; they avoid ignorance and sales pitches like the plague. They constantly multi-task, so they expect you to do the same. They come into the F&I office listening to their iPod and talking on their cell phone. They text message their friends while driving. Why can't you type up their paperwork and carry on a conversation at the same time?

X and Y customers also demand proof — they want examples, not statistics. They want to be engaged and stimulated, not forced to listen to a canned pitch. Word-tracks are so yesterday (been there, done that)! They immediately recognize video and computer infomercials for what they are — sales pitches! Generation X and Y consumers want to be seen

as unique individuals, not another mark. F&I infomercials, menu software and tired old closes won't sell these customers anything ... F&I professionals will!

New Rules, New Risks

In today's litigious environment, who's got their finger on the triggering term? Payment quotes must include all terms that impact the monthly payment, including term, APR, down payment and amount financed. That also includes the payments shown on your menu. Keep in mind, every document leaves a paper trail. So, what's in your deal jacket?

When it comes to the Equal Credit Opportunity Act, Gramm-Leach-Bliley and OFAC, you can't win, but you can lose. What you say can cost you! And your 4-square might get you three squares and a cot, especially if it's designed to mislead or misinform a customer. The key is compliance. That means no packed payments, no best rate promises, no illegal ties and a menu in every deal.

Adding Value, Not Aggravation

Customers are entitled to accurate, non-misleading monthly payment quotes. You need to make certain you provide them because tonight the entire sales and F&I transaction might just be on YouTube. Don't believe it? Try typing in "buying a car" on www.youtube.com.

F&I products are also now available everywhere! Customers can buy a service agreement from their credit union and Sam's Club, GAP from their State Farm agent, and arrange for a loan online.

The F&I process must add value to the customer's purchase experience. That means giving customers options, not product presentations. We don't want to satisfy customers, we want to delight them!

Money Follows Service Wherever It Goes

It's critical that you implement a customer-focused F&I process. Don't keep customers waiting! Bring them back to the F&I office immediately, and let them see what you're doing. As I've said before, there shouldn't be any secret spy stuff going on in there anyway. F&I should enhance the purchase experience, not simply prolong it.

F&I must expedite the delivery pro-

18 ACTION IDEAS GUARANTEED TO WOW CUSTOMERS

1. Be Fast, Get Faster: Bring customers back to the F&I office immediately! Stop making people wait to see the F&I god. Multi-task. They can, why can't you?

2. Exceed Customer Expectations: Give customers more than they ask for. Don't give 'em one payment, give 'em four!

3. Use All the Tools In Your Toolbox: Use the buyer's order, credit application, credit bureau report, and odometer statements to discover the customer's needs.

4. Change the Customer's Perception: When customers enter the F&I office, they should immediately recognize they are no longer in a selling environment. We want the customer to come in and relax, not be attacked by product brochures.

5. Eliminate Customer Risk: Give the customer an out. One of the best ways to eliminate customer risk is to use a menu to present your products. Now you're not selling, your going through his or her options.

6. Avoid Commission Breath: STOP the "spewage." Rather than attempt to overwhelm customers with product benefits, utilize the needs you've discovered to show how that product will benefit them specifically.

7. Make the Invisible ... Visible: Use visual aids! Involve the customer with a hand-drawn GAP, A&H, or VSC drawing. Hand the customer a part covered by your VSC. Get them involved and help them "see" the product benefiting them.

8. Add Value: Give customers the information they need to make an informed decision. How will financing through you, or this product, help them?

9 Make Them Thirsty: Make the customer want your knowledge and expertise. "There are five very important reasons why most people choose NOT to get GAP through their own insurance company, however, you're welcome to if you'd like."

10. Objections Are a Great Thing: Respond positively to every objection. Demonstrate empathy before attempting to overcome any objection. Customers have to know you understand their concern.

11. Help Customers Based on Their Agenda: Go where the customer leads you. If he or she is interested in knowing more about environmental protection, sell the environmental protection first.

12. Collapse Confrontation: Demonstrate a genuine desire to help customers, not prove yourself right and them wrong. "No problem, these are just options. You can take all of them, some of them, or none of them." Otherwise you'll win the argument, but lose the sale.

13. Sell From a Position of Strength: Sell customers what they need, not what you make the most money on! Practice needs-based selling, not greed-based selling.

14. You Gotta Care: Customers don't care how much you know until they know how much you care. The question every customer asks him or herself about you is, "Are you trying to help me, or trying to sell me?"

15. Concentrate on What Is Best for the Customer: If they don't need it, don't sell it to them! It's not your job to sell customers products they don't need. It's your job to discover their needs and show them how your products will fill those needs.

16. It's All in How You Say It — Use vivid imagery. "If your Honda breaks, we can't fix it." It's true! Your technicians don't actually fix anything anymore. They're merely component replacement experts.

17. Remember the Five Most Important Words in F&I: "What this means to you..." You have to translate every product benefit into what it means to the customer.

18. Take Every Customer on a Demo Ride: Paint a picture with words, and put the customer in the picture. Customers have to "see" themselves in a situation where the product will benefit them.



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YouTube has plenty of examples of dealerships gone bad. Just type in "buying a car" to see some of those embarrassing moments. That's why it's crucial dealers employ a non-confrontational F&I process.

cess. That means managers must be able to multi-task, too! We must also collapse confrontation when a customer gives an objection. For example, a good reply to a customer's objection would be, "No problem, these are just options." We have to sell based on the customer's agenda, not our agenda. Stop selling products and start adding value. Utilize needs-based selling, not greed-based selling. That means educate and inform customers about their options. Stop selling and start helping!

Out With the Old, In With the New

It's also important that you continuously evaluate new F&I products. It may be time to drop a product, or add one or two to your lineup. If you regularly have less than 10 percent penetration with a particular product, it may be time to re-evaluate whether or not it's the right product for your market.

In addition to vehicle service agreements, GAP and credit insurance, there are a lot of F&I products available today that are definitely worth considering, including:

- Windshield Chip Repair
- Environmental Protection
- Warranty Compliance (Required Maintenance) Program
- Tire & Wheel Road Hazard
- Excess Wear & Tear
- Paintless Dent Repair
- Theft Deterrent Products
- Vehicle Recovery Products
- Identity Theft Protection
- Emergency Notification Program
- Rental Car/Roadside Assistance Programs
- Vehicle Accessories

What Did They Know, And When Did They Know It?

In an X & Y world, improving F&I department performance also requires you implement a comprehensive, consistent and compliant F&I training program. While your people may change, your process doesn't. That means creating an ongoing in-dealership training program that's fueled by a monthly training calendar. Professionals practice and you need a practice schedule.

You also need to monitor performance on a daily basis. Whenever you monitor performance, it tends to increase. An F&I professional measures not only departmental performance, such as penetration rates, profits, charge-backs and customer satisfaction, but also personal and lender performance. Do you know what your penetration percentages are, your profit per retail unit, and how that compares to last month and last year? Do you know how many deals you sent to each lender? What is your look-to-book ratio and portfolio mix at each lender, and how does that compare to what they need?

One of the best ways to improve performance is to record and evaluate actual F&I presentations. The camera is a terrific way to evaluate your presentation. It'll also help you determine what's working and what's not. Are you doing sufficient needs-discovery? Did you have a conversation with the customer or make a presentation? Did you use visual aids to help them see the need for your product? The great thing about training is you can see the impact on your financial statement each month.

Finally, every F&I manager in the dealership should be certified by the Association of Finance & Insurance Professionals. An F&I professional must be familiar with, and comply with, all the laws that impact F&I on a daily basis.

It's critical that your financial services sales process add value, not aggravation. Today, it's not enough to merely satisfy customers, you need to delight them! You must demonstrate that commitment with a customer-focused, needs-based F&I sales process. And customer satisfaction should be part of any compensation plan. Every F&I manager should also participate in a comprehensive ongoing training program, and be AFIP certified. In an X & Y world, and especially in the F&I office, you have to STOP wasting the customer's time and START adding value! ■

Ron Reahard is president of Reahard & Associates Inc., an F&I training company. Reahard conducted the F&I workshop "F&I in an X & Y World" at the 2008 NADA Convention in San Francisco. He can be reached at (866) REAHARD, or by e-mail at ron@go-reahard.com.