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In the finance office, products that fit the needs of the customer, their vehicle and your market offer real value and drive real profits.

# THE WHY OF F&I

- Justifying the existence of the
- F&I department requires dealers
- to take a hard look at the value
- it offers to customers and its
- effect on the sales process.

Surveys continue to show that many consumers still aren't exactly fans of the typical dealership sales and F&I experience. In one recent survey, three-quarters of respondents agreed with the following statement: "If given the opportunity, I would consider making my entire car-buying process online, including financing, price negotiation, back office paperwork and home delivery."

Now more than ever, consumers are demanding a transparent, "no-hassle" car-buying experience. Unfortunately, numerous CSI surveys also reveal customers are especially dissatisfied with the F&I process. Which is why some dealers are actually experimenting with eliminating the F&I department altogether.

You would think having access to multiple lenders through a dealer's onsite finance and insurance department, with a knowledgeable professional who can explain their options and answer their questions would be seen by customers as a valuable resource. Yet in far too many dealerships, the F&I sales process is built around maximizing dealer revenue, with little or no consideration given to maximizing customer value.

Simon Sinek, a professor at Columbia University, found that truly great companies think, act and communicate who they are and what they do from the inside out. If Prof. Sinek were to visit your store, he might ask, "What is your purpose, your cause, your belief? What is your reason for being?" Rather than start with what you do, start with why you do it. If you want to ensure the F&I experience at your dealership is viewed by your customers as being valuable to them, first start with why you have an F&I department.

## PROFIT AND PROTECTION

Profit cannot be the primary reason to have an F&I department. Profit is the result of helping customers. If you want to make more money, help more customers. The focus of every business — and every department — must always be on helping customers. Customers don't buy what you do, they buy why you do it. So if you want to sell more F&I products, first, start with why you offer them.

*"We have an F&I department to help our customers. At this dealership, we only offer*

*products and services that provide outstanding value for our customers. We firmly believe each of these products and services will improve the customer's ownership experience."*

As a dealer, you have to decide which products you want to offer your customers in connection with their purchase. I firmly believe dealers should only offer products that offer real value for the customer. They must add value to the ownership experience, help protect the customer's investment and provide them genuine peace of mind.

Obviously, some products will have more appeal than others in certain markets and for specific vehicles. In a rural community where nobody even bothers to lock their car, a theft-deterrent product would probably not be perceived by customers to have nearly as much value as it would in a large city where car theft is a major problem. Tire-and-wheel road hazard protection would not seem as important on a base model Chevrolet Sonic with 15-inch steel wheels as it would be on a BMW 5 Series with expensive, 19-inch alloy wheels and run-flat tires.

While credit insurance may be perceived as a waste of money by a wealthy customer at a highline store, for someone doing manual labor and living from paycheck to paycheck, it may be the most important option available in connection with their purchase. In fact, credit insurance is an increasingly important and viable product with today's two-income families.

### REASON TO BELIEVE

Whatever F&I products you offer, they must offer genuine value to your customers, and they have to be products that you personally believe in. If you wouldn't sell VIN etch to your own mother, you sure shouldn't be asking anyone else at the dealership to sell it.

For the F&I process to be relevant, every step of it has to actually help the customer, not just the dealership. So, how exactly does your F&I department and the F&I process help your customers?

*"We feel every customer is entitled to know*

*all of the options available in connection with their purchase and have all their questions answered by a trained professional, so they can make an informed decision with regard to those options."*

At a bare minimum, that requires your F&I managers to know the benefits of their products, and your F&I sales process must expedite the delivery process, not extend it. If your F&I process includes making multiple presentations for products the customer has no interest in, you are wasting their time. Regardless of how slick your software, if customers have to wait while your F&I manager creates a menu, it's an obstacle.

Your F&I manager has to be trained to ask needs-discovery questions as they're preparing the customer's paperwork. We're looking for "You told me earlier ..." opportunities. A needs-based F&I process allows your F&I manager to use the information they learn about the customer as the basis for their discussion of each F&I product.



**Tire-and-wheel road hazard protection is a good example of an F&I product that is perfect for some customers and useless to others.**

"Maybe everybody doesn't need this product, but you do, and here's why."

Not only must today's F&I manager be trained to find and fill customer needs, they need to be trained how to create customer interest in their products. If the customer doesn't want a product, they don't feel they need the product, and they aren't interested in

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the product, why are we even talking to them about it? Your F&I manager must be capable of creating interest in every F&I product the customer needs whenever they say “No.”

### THE PROFESSIONAL

Selling is making someone want what you have. Your F&I manager should have the knowledge and expertise to help the customer make the right decision with regard to the options available in connection with their purchase. So what exactly is your F&I professional supposed to do?

*“An F&I professional helps our customers obtain acceptable financing, then reviews their repayment, risk management and vehicle protection options, and helps them make the best decision for them and their family.”*

Your F&I manager must be actively involved in arranging the financing, not just typing up the paperwork. In a perfect world, the F&I manager would take the credit ap-

plication. At a minimum, your F&I manager should personally review the credit application with the customer prior to submission to a lender. It is absolutely critical that your F&I manager confirm the information on the credit application is correct and review the credit bureau report with the customer to gain a clear understanding of their financial situation, all prior to submission to a bank or finance company.

The customer should see their F&I manager as their personal advocate with the lender. Once the financing has been approved, your F&I manager must be the person who communicates the lender’s terms, APR and exact payment to the customer. If your F&I manager is not perceived as helping arrange their financing, the time they spend with that person adds zero value to their purchase experience. He or she is merely slowing down the delivery of their new vehicle.

Today, your F&I department must add value to the customer’s purchase experience,

beginning with why your dealership even offers these products and services. When you start with the why, the how and what of your F&I process becomes clearer — and more profitable. You must offer F&I products that have real customer value, and your F&I sales process must expedite the delivery of the vehicle, not prolong it. And finally, your F&I manager must be actively involved in arranging the customer’s financing, not just pitching products after the fact.

The success of any business depends on its ability to help customers. Only when the focus is on helping people does the F&I process become truly valuable to your customers. That’s the “why” of every successful business, and of every successful F&I department. **ADM**



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