ONE GIANT LEAP FOR F&I

Top trainer says it’s time for F&I professionals — particularly the vets — to let go of the past and embrace the changes facing automotive finance and protection products.

BY RICK MCCORMICK

Early in my career, I encountered an individual who taught me the life-changing principles of Newton’s first law of motion, sometimes referred to as the law of inertia. It states that an object at rest stays at rest “unless acted upon by an unbalanced force.” What that means to me is there is a natural tendency for objects (people) to keep doing what they’re doing unless confronted by change.

Like everyone, I would frequently get comfortable with my level of production, success and income. In other words, I became resistant to change and growth. After all, I had come a long way from where I started and was way ahead of others around me. But as I would come to learn, there’s always more to learn and grow, and there’s always more success to achieve. In fact, the following words of wisdom still ring in my ears: “You can make quantum leaps in outcome and results if you can learn to break the hold of inertia that fights to hold you back.”

As an example, consider the first rocket to take a man to the moon. At 10:56 p.m. on July 20, 1969, Neil Armstrong, after descending the ladder and touching one foot on the Moon’s surface, announced: “That’s one small step for [a] man, one giant leap for mankind.” Amazingly, in the first two minutes of the flight, the effort to get the rocket out of earth’s strong gravitational pull sucked up 50% of its fuel. What remained was all the rocket would require once it cleared Earth’s gravity field, as momentum took over.

The lesson here is that while much is made of the importance of momentum, it will never have an opportunity to propel us forward unless we break through the initial first steps of any change that confronts us.

BREAKING INERTIA

Think about it. Why is it we talk about things like losing weight, improving our time management, or focusing more of our daily effort on growing our skills and production, yet we never do anything about it? The reason is the initial steps are hard.
Creating effective change hinges on our will to make it through the first few days and weeks of that commitment. That’s because it takes massive amounts of energy to start something new or adjust to a new way of doing things.

Take the rapidly changing environment our business is currently in. We are being told we need to move F&I product information online because customers prefer to learn about our protections before they come to the dealership. We all know this will alter the F&I process immeasurably, but our ability to make the hard changes will determine whether we will rise to the level of champions.

Part of what’s fueling this online F&I push is that one in four buyers is not aware of F&I products prior to going to the dealership. The main driver are in-depth studies revealing that F&I product purchases are higher among consumers who are already aware of the products before going to the dealership.

At the very least, your dealership’s website should offer educational resources related to F&I. A few trailblazers are already doing so and have seen positive results. It raises the question: Are F&I products being presented in an informative manner, or are they being presented like an infomercial?

The age-old truth still stands: Once customers feel they are being sold, their resistance goes up. So online product information should educate, not sell. And if done properly, the effort should lead to a consultative effort once they reach the dealership, where the F&I manager engages the buyer in a simple conversation to match the products to their needs.

Sounds like a simple adjustment, right? Well, there are many F&I pros who are strongly resistant to making this change. They prefer that the first mention of F&I products be made in the F&I office — which is understandable, since that’s the way F&I was taught for years. But shopper behaviors are changing, and so are the techniques for capturing their interest. Operations that break through the inertia will reap the benefits of being ahead of the industry.

CAN’T STOP CHANGE

Truth is, the F&I product presentation is the last part of the car-buying process to move online. Trade evaluations, applying for credit, and deal structuring have already ventured online. And in every case, the initial efforts to push those parts of the process online ignored the voices of industry veterans.

Unfortunately, those vets could have provided valuable insight as those parts of the process moved online. But you can’t stop innovation. And today we are seeing more effective approaches to online retailing. Some examples include Cox Automotive’s recently launched Accelerate platform and Hyundai’s Shopper Assurance. Both are tools designed to shorten the overall car-buying experience by allowing consumers to complete more steps online before coming to the dealership.

And what those customers appreciate the most is their most valuable asset — their time — is being considered. And a timely and transparent process builds trust, which then impacts profit, customer satisfaction, and overall income. While these changes challenge our preferred way of doing things, they also demand we be open to change. Hey, ready or not, change is happening.

GROWING F&I

We all know customers buy more products when they clearly see their need for them and how, in their situation, they make sense. Any attempt to sell a product without personalizing the need and value of the product to the customer comes across as disingenuous. The great news is that customers are telling us exactly how they want to learn about products both online and in the F&I office.

We too often cling to things we don’t want to change and then convince ourselves that change is not necessary. Well, the voices of change are getting louder, and they’re even making more sense.

Recently, I was in Central Park, at a playground, watching my granddaughter on the monkey bars. She could only move forward if she let go of the bar she had just conquered. She made slow but steady progress while those who refused to let go eventually gave up and dropped to the ground. Amazing what you can learn from watching children.

The why of what we do are truths that will remain; however, the how we do it is changing. Growing F&I when many are predicting its demise will require hard choices; choices we must make wisely. Customers still need us. And they want us to help them in a fashion similar to what they are experiencing in other retail transactions. So stand back and watch as the newest F&I rocket is about to blast off and break through the inertia that seeks to hold us back.

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