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F&I Contact Should Start in Showroom

At what point in the car-buying process should dealership finance and insurance managers introduce themselves to customers and pose a few questions?

You are wrong if you think it's when the customer enters the F&I office, says F&I trainer Richard Costello.

You're not alone; a lot of dealership personnel think that's when F&I kicks in.

But Costello says if you wait to greet customers, build rapport and ask qualifying questions in the F&I office, you've cut into valuable selling time.

Here's why:

After about 30 minutes in the F&I office, many customers start fidgeting and clock watching. If F&I managers spend 5-10 minutes in there on preliminaries, they're misusing precious time.

"The clock has started ticking and the longer a customer spends in the F&I office, the lower the CSI (customer-satisfaction index)," says Costello, national F&I executive for Zurich North America's former Universal Underwriters.

His solution is called "front-end F&I selling." It is where an F&I manager on the sales floor greets customers, goes over some initial paperwork and asks some qualifying questions, such as, "How long do you plan to keep the car?" and "How many miles do you estimate you drive a year?"

That helps in the later selling of F&I products that pertain to specific customer needs, based on their answers, says Costello. For instance, if questioning indicates a customer doesn't drive much, it's pointless to pitch a high-mileage extended warranty plan.

Doing everything in the F&I office also can create customer resistance because many of them tend to perceive it as a selling environment.

"If you meet them at the salesperson's desk, customers are more relaxed and you've saved a lot of time for your product presentation in the F&I office," Costello says.

He says the advice a dealer should give to the F&I manager is the same given to a vehicle sales manager: "Proper qualifying and proper demonstration makes more money."

The asking of qualifying questions often is misunderstood, he says.

"It should go more to wants and needs, not, 'Are you ready to buy?'"

In the old days, F&I training focused 20% on selling and 80% on handling objections. These days, it's 80% selling, 20% objection handling, because more customers are properly qualified, Costello says. "But you still need to know how to handle objections."

Today's F&I operations are important dealership profit centers. "F&I profits can make or break a dealership, with, (on average) 43% of dealership profits coming from F&I," Costello says.

He is a big believer in selling systems, both on the sales floor and in the F&I office.

"The team with the best system usually wins," Costello says. Most dealerships have selling systems for the showroom, but a lot of dealerships lack F&I selling systems, or unsystematically rely on individual F&I managers' methods.

Every dealership needs an F&I system, he says. "If it works up front, it works in the back. When all the steps of a system are followed, you get a more agreeable customer who is willing to listen and buy."

Otherwise, a staff member can end up with a difficult, impatient customer who "might buy in spite of the sales person, but a lot of other times might just walk."

It is up to managers to make sure that doesn't happen, says Costello, a former F&I manager at dealerships in New England. "The first

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time it happens, it's the sales person's fault. The second time, it's the manager's fault."

Dealership selling systems vary but essentially follow the steps of meet, greet, qualify, demonstrate, write up, up-sale and close. If one step is done incorrectly, the subsequent ones can get harder, Costello says.

"The system is there to sell more cars," he says. "Anyone can sell a car by accident, in spite of doing the wrong things."

He warns against the phenomenon of sales-meeting attendees all agreeing to follow a system, but later "emotions take over during the deal – sometimes the emotion is fear – and the process is abandoned."

He advocates that "anyone who touches the system" undergo training, from F&I managers to vehicle sales managers to sales personnel.

Training should include using tracks to instruct car sales people how properly to introduce customers to F&I personnel, says Costello, recalling some unpleasant memories as an F&I manager.

"It shouldn't be: 'Joe here will tell you about some F&I products. Joe, don't take up too much of this customer's time.'"

Menus, which clearly display and define F&I sales items, often are praised as selling tools. But Costello says, "Menus are not particularly effective if you haven't done the proper things up front."

He recommends using sales videos to enhance F&I presentations. They can show, not just tell, the benefits of extended service agreements, gap insurance, roadside assistance and the like.

And videos are consistent. "They give the same presentation every time," says Costello. "On the other hand, if a person has done 10 ups that day and is doing the 11th at 9 p.m., it may not be the best presentation."

As far as compensation, it's not just about money, yet much of it is.

"Sales people aren't always motivated by money, but they often are," he says. Cash is king, but mix it up. At sales meetings, hand out envelopes containing spiff cash, not just meld bonuses into paychecks. How people get paid is important."

He also recommends giving out performance awards and trophies at staff social gatherings to which spouses are invited.

Costello has trained more than 1,000 F&I managers at various venues, including the National Automobile Dealers Assn. Dealer Academy and F&I Management and Technology conferences. ■

— By Steve Finlay

