

Perfecting THE F&I Turnover

Expert says salespeople play a critical role in what happens in the F&I office. She lists four ways they can successfully pave the road to back-end sales.

BY ANNA PUZIER

As gross margins on new-vehicle sales continue to shrink, dealerships are relying more on back-end sales as a way to increase deal profits. I train F&I managers to use my company's DMS menu systems, and I used to sell cars for a living myself, so I have seen firsthand how successful dealers encourage salespeople to help pave the road to bigger profits on the back end.

Salespeople are the customers' first and primary contact. They play a pivotal role in educating and preparing the customer for the F&I presentation. Whether a dealer decides to incent sales with

spiffs or a percentage of back-end gross, a team atmosphere that motivates both departments creates a win-win situation for everyone. The dealership achieves more gross, the sales and F&I teams are collaborating toward shared goals and customers get better all-around service.

As salespeople navigate through the road to the back-end sale, here are four tips they can utilize to prep customers for F&I:

1. EXPLAIN THE PROCESS

The average age of cars

registered in the United States is currently 11.4 years. That means a lot has changed since the last time many customers have purchased a vehicle. For many Millennials, their next purchase will be their first. Salespeople often forget that the client may not know everything that's involved in the purchase of a vehicle or how buying from a dealer benefits them. For these reasons, it's important that salespeople take the time to explain the process.

The process doesn't have to be divulged in the first moment, but at some point, the salesperson should let the



©STOCKPHOTO.COM/PUHHHA

customer know they will meet with an F&I manager to discuss financing and protection products. Understanding the process and how it benefits them prepares the customer for the inevitable fact that buying a car requires a lot of time and thought.

2. QUALIFY THE CUSTOMER

Customers are doing more research online, so many of them arrive at the dealership knowing exactly which vehicle they want. Sometimes this can lead to the salesperson letting the customer control the sale. Instead of asking qualifying questions, the salesperson lets the customer state their assumptions and accepts those assumptions as what is best for the customer.

The qualification process remains important, however, because what if the customer wants a vehicle that is impractical for his or her needs? Sure, the salesperson could sell it to the customer anyway, but this may lead to customer dissatisfaction, which has a negative impact on the dealership's reputation and long-term profitability.

Qualifying customers is also a great way to build rapport and trust. When done in a customer-centric way, it shows customers you care. Plus, it gives the salesperson valuable information that can help identify additional needs that can be fulfilled by F&I and service.

3. IDENTIFY NEEDS AND MENTION PRODUCTS

Who better than the salesperson to know whether a customer needs paint sealant and fabric protection? If the salesperson has built rapport with a customer, he or she will know if that customer has a dog and three kids. The salesperson will also know if the customer parks his or her vehicle in the driveway at home or outside at work.

When a salesperson mentions the vehicle has a keyless entry system or an upgraded wheel package, he or she will hear the horror stories from the customer of having to replace an expensive key or rim in the past.

The salesperson can also plant the seed for a service-contract sale. Specific details are not necessary. Simply touching on the limitations and term of the warranty that comes with the car is helpful. This is especially significant for

used vehicles. Warranties can vary wildly, particularly between a certified and a non-certified vehicle. In some cases, educating the customer will build value in the vehicle and justify a higher price tag.

These discussions that occur throughout the sale process get the customer thinking. For instance, when discussing the vehicle's warranty, the customer may reveal a story of expensive repairs he or she had to have done. Once the turnover happens, the customer is primed to hear about the products and the transition to the F&I manager becomes more seamless.

4. ENCOURAGE DEALERSHIP FINANCING

Sometimes car shoppers will announce they are paying cash or are pre-approved

the dealership may be able to offer him or her a better rate or term. Asking questions is the only way to find out.

The salesperson should always ask the customer for the opportunity to finance their purchase. Again, focus on the benefit to the customer: Dealer financing allows products to be presented at a cost per monthly payment vs. a total cost. Other benefits to entice the customer would be discounts or an increasing coverage period on F&I products. At a minimum, the salesperson should find out how the customer plans to pay for the vehicle so he or she can alert the F&I manager.

I realize that, for many salespeople, just selling the car can be a long process. Following up on leads, scheduling test drives, explaining how features work and keeping your game face on for



©ISTOCKPHOTO.COM/VITRANC

through their credit union. If the salesperson accepts these statements, the dealership may stand to lose a significant chunk of revenue. Once the customer gets into the F&I office, changing his or her mind is an uphill battle if financing hasn't been discussed beforehand.

This is why many dealerships offer a spiff to salespeople if they can turn a cash or outside financing customer into a dealership-financed customer. Some customers are not aware of special APRs available from the manufacturer. If rates are only 0.9%, they could be better off financing a portion of the vehicle and let their savings earn interest in the bank. If the customer is already pre-approved for an auto loan,

hours at a time is challenging. Getting the commitment for the sale can seem like the finish line when it's really only the middle of the race.

Paving the way for a successful F&I presentation means more stuff to do, more questions to ask and more to remember. That's why dealer principals and managers need to ensure that incentives and training for the sales staff are sufficient. When sales and F&I work together as a team, the win-win is better for everyone. ■

ABOUT THE AUTHOR

Anna Puzier is an F&I and sales support specialist with Auto/Mate Dealership Systems. Contact here at anna.puzier@bobit.com.