

POWERFUL SOLUTIONS

For maximum F&I profitability

The Best Rate, Sorting Out the Details, and The Surprise Ending

Just when you start to feel like you've possibly seen it all, inextricably, someone is going to change that outlook.

Before we review what caught me off guard, recently, while working with a new Business Manager, let's quickly cover a compliance issue.

When your Guest asks you, "is that the best rate?", I have long advocated simply stating, "folks...for compliance reasons, the only way I'm really allowed to answer that question is to say...that's the rate you qualify for" (provided, of course that you have an approval with all conditions met). That's it. There is no other way to say it. To explain things any other way may invite trouble, so please, keep it simple.

Your Guest may press with a follow-up question like, "come on, you know the current programs. Is there anything else cheaper out there?" Or, "maybe I should check with my Credit Union." At this point you're aware, hopefully, of the fact (and may, therefore, communicate clearly and convincingly) that, "folks...you, like me, I'm sure would agree that this is a great offer!"

After all, you already know with whom and how they've done business in the past and have submitted to the appropriate lending institution for consideration. It doesn't change the word-track, either, if you have conceded your reserve and are offering them "buy rate". It still isn't recommended that you ever respond that this is your best rate. Is the rate zero, or even negative (some Central Banks are actually paying negative rates of return, now)? Stay out of the trick-bag and stick with the script. Don't be kowtowed into an inaccurate explanation of things. It really isn't an issue, unless we allow it to be. Again, "that's the rate you qualify for."

Moving on...

In order to provide our Guests with thoughtfully constructed product offerings best tailored to their needs, we need to gather a little information. Once again, it is hard to over-state the importance of an interview, prior to loading/submitting our deal, let alone creating our menu. Please [click here](#) for a review of this very important process.

So here is what happened...

The Business Manager with whom I was working had delivered a new vehicle late, the night before. The next day, shortly after we met for the first time, she explained that her Sales Manager asked if she might try and find a better fit for that Guest, with a different lender. The lender with whom the deal had been contracted (as I recall) had conditionally approved the deal, the rate was in the mid-teens, and it was a line 5 call with room for GAP only. I, personally, never liked re-doing a delivered deal.

"That's automotive history...let's move forward" is not an uncommon sentiment in a situation such as this. However, in this case, (and any similar instances where a poor fit was not avoided in the first place) re-hashing the deal was a great learning opportunity. Additionally, the outcome proved far better for the Guest. Good call, Sales Manager.



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Partnership + Performance = Profit

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What we did was take a look at the credit report, re-submit the deal to a local credit union (who appeared on a trade line on the bureau), and wait for a reply. When the response came back, the rate was approximately half as much, and no line 5 call. My new Business Manager was very pleased by the opportunity this presented as she was convinced that the Guest wanted to take advantage of the VSC (the night before), but wasn't able to because of the line 5 call, let alone the corresponding payment. The reserve being lost on the deal was insignificant (a secondary consideration, anyway). Most importantly, the rate was so much lower that the payment with the VSC and GAP was going to be approximately the same as it had been previously (the night before) with just GAP, and for 66 months versus the previous night's 72-month term.

Perfect...we thought!

The Guest gladly came back in, that day, to hear the good news she had in store. To our amazement, she declined to take advantage of the above stated scenario (VSC of 6 year, 75,000 miles) but, instead, was going to stay with just the GAP, even after a price concession brought the monthly payment down another \$10/month. Thoughtfully, the Business Manager sensed the decision wasn't solid, yet, and left the menu in front of her Guest while she tended to other paperwork.

After a brief stay on the topic, the Guest asked how much it would be with a 5 year, 50,000 mile VSC. The Business Manager plugged in the change and explained that it would be \$1.59/month less. The Guest responded that she'd do that.

Now I'm not a small guy, but you could have knocked me out of my chair, with a feather!!! Again, I'm the guy who's always harping about the fact that price does not sell VSC's. Clearly, the price WASN'T the issue. The point here is that what made sense to us, regarding term and mileage allowance (VSC), didn't matter to the Guest.

Once again I'm reminded of the importance of the interview and in tailoring the details to our Guest's needs and expectations. This Guest had the intention of trading the car in and up-grading, sooner rather than later. Even with the explanation that she would be eligible for a pro-rated refund of any unused portion of the VSC, things weren't making sense for her. She, fortunately, asked US the right question! Even if the answer made no sense to us, it did to her!!!

Give it a try.

Good luck and good selling!



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