

POWERFUL SOLUTIONS

For maximum F&I profitability

Pivoting on Our Toes Versus Reacting from Our Heels

Captive finance companies have created a little havoc, for those of us in the Business Office, for some time now! It's hard to recall who started this idea of turning cash buyers into financing prospects but it doesn't matter much, anyway. The reality is what it is, and we have a job to do. Yes...it is very likely that these folks WILL be paying off the loan we are preparing to sign them up for, possibly before they receive their payment book. This is also a strong possibility with the folks we will be working with, next, who aren't cash buyers but, rather, have financed their last several purchases with their favorite Credit Union. These folks are ALL financing with our Captive simply to take advantage of an incentive that is unavailable to them, otherwise.

So, then, what to do?

Well, many of us will soldier on creating our two-term finance menu, listing our Captive's respective rates and terms, and hope for the best. We then react almost defensively, burning tons of credibility in the process, when our cash-buying Guests ask us, "how much does all of this stuff cost, anyway?" This is NOT the time to discuss the monthly investment for these items. They will tune it out. And the folks who will be re-financing at the Credit Union will tune us out, as well, because the term/rate won't be applicable to them, for long.

Naturally, our credibility is critical, and I have long advocated the importance of its careful maintenance. This isn't a revolutionary idea, of course. Anyone who makes their living selling or, better yet, via the communication of benefits and by providing perspective (possibly otherwise unrealized by our Guests) is well aware of this. However, what sometimes escapes us is the need for careful economy of effort.

Let's cautiously consider where our attention should be focused. In other words, how much of our credibility capital are we willing to squander on an argument that our initial interview with our Guest(s) indicates is rather pointless? An example of this would be to make the error of attempting to explain that this is a good rate/term rather than to focus on the benefits of our products. And it's the WAY we are delivering the message that is compromising our efforts, above all, via the usage of the related, applicable finance menu, exclusively.

Perhaps we'll be better served by getting back to reality, with our cash-buying Guests, presenting them with a cash menu, as well. Naturally, maintaining adherence with compliance issues and in the pursuit of full disclosure, we'll need a properly applicable finance menu which is reviewed with the Guest. However, the cash menu, in this case, is from where the production will originate.

In the case of our Guests with the favorite Credit Union (the folks who WILL be re-financing as soon as they can get to the lender), a slightly different tact is in order. For them, we might consider creating TWO finance menus. The first will once again disclose our Captive's terms and rates. The second menu, however, will disclose what their friends at the Credit Union currently have available.

Be careful in either case, though, and add back in to the equation the money that they will be forfeiting by not financing with the Captive. You will easily be able to explain to them that this is only something that you are doing for compliance reasons (adding back in the incentive money that they would forfeit) and that of course they won't be losing that money, when they pay-off the loan/re-finance, having originally financed with the Captive to secure the incentive (and ensuring all applicable, related disclosures are satisfied). You'll also easily be able to explain that the payment, for those who will be re-financing, will actually be a little lower because of the lower balance, post incentive.

This will ensure everyone is clear on where *they'll* be regarding payment, once they have re-financed at their favorite lender's lower rate, or, in the case of the cash buyer...paid-off the loan. Now, everyone will know where they stand with the additional benefits you have provided...intact.

That's it. Simple, smooth, easy, and...most importantly, communicative! Don't fight a needless battle and lose the war. Explain things on your *Guest's* terms!!!

Think about it.

Good luck and good selling!



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