

What Happens When you Blend Desking and F&I?



Over the past few years, it seems our industry has been dealing with slimmer front-end profit margins, shorter customer attention spans, and customers who are less tolerant of the time it takes to complete a transaction. With these issues in mind, industry focus has been placed on a quest for a 60-minute turn key transaction that will provide an opportunity to maximize each deal and perhaps recapture lost front end profit opportunities. So

basically, sales and F&I are feeling the pain of “make more money but do it in half the time.” Exactly how are we supposed to manage that?

To help achieve this, much of our industry has adopted a blended F&I approach, which means the desk assumes some of the F&I responsibilities. The idea is that by bringing some of those duties to the front of a deal, they will reduce transaction times, allowing for a better customer experience while still retaining maximum profits. So, is that a good plan or only good enough? Sadly, in some cases, it is only good enough!

Here is why I say that. In some stores, the desk is established with seasoned F&I professionals that have a lot of experience with getting deals bought. In those instances, they complete the approval process and allow F&I an opportunity to consult and help the customer after the deal parameters are established. If this is the process at your store, then the rules have already been established and it's just a matter of everyone knowing those rules.

However, in some stores, it seems that the desk is hunting the RED X instead of seeking the green check mark. This is largely due to a shotgun approach of “we will throw it up against the wall and see if it sticks.” Now granted, everyone involved can agree and understand the need to try all avenues to get a deal approved. However, the shotgun approach is often non-productive and a little frustrating to the F&I professional. The issue is that a shotgun approach generally submits an unacceptable deal structure from the beginning which creates a rehash situation when it could have been an approval at initial contact. The good news is that with a little understanding, teamwork, and establishing some ground rules, this can all be avoided. Here are a few suggestions:

Early Involvement in the Deal

First, the number one way to avoid this is for F&I professionals to be engaged and take part in deals early and often. Those who are proactive in their business will spend time at the desk when they have it available.

In fact, some F&I professionals are stationed at the desk and only use the business office for contracting and when privacy is required. Taking this type of proactive approach eliminates issues before they begin, allows for proper deal structure before it is submitted, and shows the sales team a willingness to help and be a big part of their success. I would highly recommend early involvement if, and when, time allows.

Establish the Rules of Initial Engagement

How many different sources should the desk send the deal to before getting F&I involved? This answer may depend on some of the following factors. Who has the most experience with getting deals bought? Does the desk have any F&I background? Will workload prohibit timely collaboration on deals? How will it affect the customer's experience? If the answers to these questions do not allow for flexibility when establishing a solid procedure, then here are three (3) suggestions.

1. How many sources do you use on a regular basis? For example, if you have five (5) main sources, then maybe the desk would need to contact two (2) sources before reaching out to F&I.
2. Have the desk only submit to the captive initially and consult with F&I on the additional sources.
3. The desk has autonomy to send to all sources provided they follow agreed upon parameters.

The correct approach will be the one that creates a great experience for the customer, is mutually agreed upon by the management team, and that helps speed up the process while still allowing F&I the opportunity to do what they do best.

Effective Deal Structure

Whose responsibility is it to keep everyone up-to-date on current trends and deal structure? That would be the F&I professional as it is part of product knowledge. F&I professionals should keep the desk updated with the lender's appetites. This especially holds true if you have managers that have been newly promoted from the sales floor. Below are some examples of information that needs to be shared.

- What is each lender's appetite?
- Which book values do they use?
- Which bureau will they use to make decisions?
- Which ones will not require as many steps?
- Which vehicles are they most likely to approve?

- Who has the lowest fees when dealing with subprime?
- Which ones are cosigner friendly?
- Who is the hot lender? After all, sometimes riding the hot hand can make the difference between an average or an exceptional month.

I know that some of these may seem obvious but, if you have sales managers that have never had F&I experience, or it has been some time since they held the position, they may not know or have just forgotten the some of the details.

Situational Awareness

This is the responsibility of the sales team. Frequently F&I professionals find that when receiving a deal, they have not been given any critical details or, worse yet, are given bad information before the customer arrives. For example, the salesperson may indicate that the customer is closed and ready for delivery when the truth is, the customer is not ready to sign due to a missing spouse that the salesperson either did not know about or chose to ignore.

This lack of effective communication could lead to a bad customer experience and even worse, lost F&I opportunities for the team. The good news is that communication issues can be fixed in three (3) easy steps.

1. Establish the top five (5) pieces of information that you want the sales team to deliver to the F&I office on every deal and type those questions up. For example:
 - a. Why are they buying today?
 - b. Why did they choose this one?
 - c. What type of condition is trade in?
 - d. Did they give you two key fobs?
 - e. Did they do anything to prepare the trade for the evaluation?
2. Hold a training meeting. Teach the sales team the lost art of conversation with purpose. In this session have them practice gathering the needed information with focus on getting next level information through follow-up questions. This will help guarantee the information you receive will be more accurate and as an added bonus, the sharpened skills will help in initial vehicle selection.
3. Lastly, when the salesperson comes into the business office with a deal, the F&I professional should interview the salesperson using the same top five (5) questions.

Making everyone aware of what information is needed and then asking for it on a consistent basis will provide lost information that will make an extreme difference to our F&I success. Fluid communication between all departments is essential for a seamless customer experience.

Proper Endorsement/Process Assistance

A little help from your friends can go a long way! No, that does not mean include all the products up front. Payment packing is never a good idea and ultimately limits a true F&I professional's opportunity. However, understanding that everyone is involved in the F&I process

can ensure the finance team has the best opportunity by guaranteeing the sales team makes a positive contribution to the end goal. Here are some ways that the sales team can contribute.

- Start the delivery process to familiarize the customer with the vehicle's technology/equipment while waiting to get into the F&I office. This allows the customer to have an acute knowledge of the vehicle, so they can make good decision on how to protect it. This will also fill that dead time during the transition that often puts the customer on the defensive.
- Give the customer a dealership tour while waiting. This can either be in a virtual setting or by physically walking them around the dealership.
- Ensure the customer has a good understanding of the manufacturer's limited warranty coverage prior to arriving in the business office.
- Ask the customer a few strategic questions while evaluating a trade-in and providing that information to the F&I professional can go a long way in helping F&I (See the top five (5) questions above.)

Using a blended F&I process in your dealership can result in a smooth and time saving process, or it can result in a jumbled-up, non-customer friendly experience. By following the simple steps above, you will be able to experience shorter transaction times, increased back-end profitability, and increased CSI scores

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