

# MAXIMIZE DEALERSHIP PROFITS \$\$\$

NW Dealer Financial Services

## Best Practices with F & I Products

### **Be consistent:**

Develop a culture at your dealership that everyone buys an extended warranty. Educate all of your people about the quality of your products, the benefit to the customer and how the dealership then benefits with increased CSI. All employees, at all times, should assume that all of your customers buy an extended warranty.

Then ..... Utilize the 'Magic' of the 400% Rule: Present 100% of your products to 100% of your customers 100% of the time with 100% disclosure!

"The only reason people don't buy more is because nobody told them what more is available."

Use Mirror Hangers, Window Stickers or Dash Cards to let your customers know that an extended warranty is available on the vehicle.

### **Control what is said & when:**

Develop 'word tracks' for "Meet & Greet" and 2 other key times in the sales process.

#### 1. Do your Trade Trades?

"We sure do, what will you be trading in?" (Then depending on what your policy is you go ahead and ask the questions about the trade) You finish with one question: "Do you happen to remember how much is remaining on your warranty?" In almost every case they will look at you funny and tell you the car has been out of warranty for years. You reply; "No, I'm sorry, I didn't mean the factory warranty, I meant the extended warranty you bought when you purchased the car." They will then tell you they didn't buy one and you can reply; "Oh, I just assumed you did, all of our customers do, but that's ok, were still interested in taking your car in trade." If they then ask why you wanted to know if they had a warranty, you reply; "well, if you still had warranty coverage your car would be worth more, that's all." You have just established value and dropped the first 'hook' into the water!

## 2. What can you tell me about the car?

"Well, as you know this is a pre owned vehicle so we don't know every detail of its history but I can tell you that we don't have any vehicle for sale that doesn't have a clean Car Fax, and that's available for you to look at; in addition this car has gone through a 32 point safety inspection and any major defects noted have been corrected and that information is available to you also, but you know, probably the most important thing you should know about this car is that it qualifies for a 4 year extended warranty; that means no worries for you and your family!" You have just positioned that car above others and dropped the second 'hook' into the water.

### **Write Up:**

Dealers that enjoy high CSI numbers, a high percentage of repeat and referral customers and high F & I penetration numbers always use a 4 Square, even if it is the dealer handling the sale. They also have one other thing in common; they always include the cost of the warranty, every time, in the payment and disclose it. It is commonly presented as a "protected" payment. Remember the assumption at the dealership is that everyone buys a warranty, so you don't ask, you include it.

### **Qualifier:**

The benefit of an extended warranty is that it takes the financial burden away from the customer in the event of a mechanical failure. If the customer objects to the warranty all you have to do is ask 1 question. "In the event your car had to go into the shop and its going to cost you \$1500.00 to get it out, would that create a burden on that month's household budget? If it would you definitely need the protection of the warranty! How else will you be able to get the car out of the shop, pay your rent and make your car payment?"

### **Cost:**

If the question of cost comes up you may answer something like: "It depends on the coverage of course but in most cases it is around \$15.00 a month. The best thing is you get to pay for it monthly, not all at once like at a repair shop where you have to come up with \$1500; \$1800 dollars!"

**Declination of Protection:**

In the event the customer makes the decision not to purchase the extended warranty make sure that you present them with a properly drafted "Declination of Protection" form. Once they read this form and are required to sign it 40% change their mind and purchase the warranty.

**Lender Relationships:**

This is absolutely the most important part of building a solid Special Finance Department and sadly, the most overlooked. You must see your lenders as a strategic business partner and treat them as such. Go see your lender, invite them to the dealership, develop a personal relationship with them. Sit down with your lender and ask them what it takes for them to fund back end, or more back end for you. Everything is negotiable, negotiate a deal! Establish a warranty reserve account with the lender to protect their exposure. We help with that because we will guarantee the entire dealer cost back to the lender in the event of a repossession. Make sure that your "Look to Book" ratio is within guidelines; normally at least 40%.

**Cancellation Refunds:**

If you have a warranty refund due back to a lender as a result of a repossession make sure you pay it ASAP; make it a top priority! Give your lenders reason to buy more from you .... not less!

NW Dealer Financial Services will provide training for your dealership for any F & I or Special Finance related issue and will provide assistance with any forms you may not have.