



Pump Up Your Profits with Technology

In the new world of computerized F&I presentations and transactions, speed, accuracy and efficiency are boosted — along with your bottom line. Some dealerships report that per-unit F&I dollars have doubled or even tripled since they've installed software.

By Steve Elliott

It's a tough world out there on the front lines of the F&I business. Not only are you supposed to gather customer information and practice full disclosure through presenting every product to every customer, every time — you also need to do this in a non-confrontational manner and help customers through the entire process quickly and efficiently to help boost CSI ratings.

Nobody ever said it was easy, and even if they did you know better. Anyone who enjoys hard work can certainly have a heck of a time in this business.

But more and more dealerships are discovering that through using modern technology, they not only can achieve all of these goals in an efficient manner — they can also boost ANOTHER number that really matters: profits per unit sold.

Dealers across the United States tell *F&I Management and Technology* that as a result of using software that is available today, their penetration rates have increased for F&I products across the board. Some dealerships report that per-unit F&I dollars have doubled or even tripled since they've installed software to make their selling style and number crunching more efficient and effective.

An aspect that dealers consistently mentioned as one of their very favorites was the reporting ability built into many F&I software programs. The dealer principal can, with these features, see results by dealership, by department, or by individual employee, allowing him or her to identify both areas of strength and areas where more training might be needed.

With ethics and compliance issues looming larger than ever on the legal front, systems that record F&I transactions on audio and video equipment, thus protecting both the customer and the dealership, are being installed in more dealerships than ever; in fact, they were recently made mandatory in at least one state, Alabama.

And with the length of the F&I transaction having a big impact on customer satisfaction, many dealerships are using electronic application submission and eContracting to get deals approved more quickly.

CONSISTENCY OF PRESENTATION

According to Bill Ingram, CFO of the Thomas Automotive Group in Pennsylvania, the Impact Group software that Thomas dealerships use allows them to provide a tool to aid business managers to present every product to every customer, every time. At the same time,

Ingram said, the software helps them with consistency in presentation.

"The tool that Impact provides gives the structure and the framework for our people to be able to easily communicate these options to the customers," Ingram told *F&I Management and Technology*.



"It also gives us reporting tools to follow up on with all of our people," Ingram said. "It allows us to see when a business manager may not have followed the whole process. It gives us an opportunity to work on those instances where they may not have presented the information consistently or in the manner that they needed to."

According to Ingram, Thomas Automotive Group was one of Impact's first customers, and has had the software for close to five years. "In our group it's been part of our overall team effort, but



"Every movement that the business manager makes with the customer within the software is logged."

— Mark Thorpe,
president,
The Impact Group

our F&I production, on a per-unit basis, has tripled," he told *F&I*.

"The software itself is designed not only from a business manager's perspective — to make their job easier so they can fundamentally change the relationship with the customer, getting away from a sales dynamic to more of a counseling and advising dynamic — but also, every movement that the business manager makes with the customer within the software is logged," explained Mark Thorpe, president of The Impact Group. "Those records serve later on for the dealer who needs to know what's going on in those presentations. It also provides the business manager with immediate feedback."

"We keep the records indefinitely," said Roy Olive, director of The Impact Group. "Even if a dealership contracted with us for a certain period of time and then needed it years later, we would be able to

retrieve it. That's one of the biggest advantages for a lot of dealers, because right now it seems as if compliance and liability are buzzwords going around the industry."

"The way that customers respond to the business manager is totally different than the typical F&I situation," Thorpe told *F&I Management and Technology*. "It's very, very friendly to the customer. Because you are giving a better quality of information and a greater amount of information to every customer, it's just natural that you're going to have more customers taking advantage of more products."

That's definitely been the experience of Thomas Chevrolet, in Bedford, Pa., according to finance manager John Beemiller. Before using Impact Group software, the dealership averaged about \$700 F&I per retail unit. "Now I'm over a thousand per retail unit every month so far this year," Beemiller told *F&I*.

"You don't pre-judge anybody," Beemiller explained. "Some older person comes in and you may think, 'Oh, they're not going to buy anything. Why go over it?' But the software forces you to go over 100 percent of the products 100 percent of the time with 100 percent of the customers. You just increase your odds."

"Another big thing is the liability we face with disclosure issues," Beemiller said. "The software really helps with that, because again, we go over every product that we have."

"Our profits are up probably about \$200 a car from where we were," said Kelly Price, vice president and corporate finance director at Sunnyside Automotive Dealer Group, which has eight locations in the Cleveland area.

"But most importantly, penetrations on our products are up quite a bit, and we just continue to keep growing and growing," Price told *F&I*. "Some of our finance managers who are really committed to the program are about \$300 to \$400 higher."

'I'M THRILLED'

"We actually have six different pieces of software that are combined into one," said Rusty Stewart, president of Finance Profit Center, which is based in Kokomo, Ind. "The first one is a desk-ing tool for the sales desk, so they can set up the customer before looking at

what products are available and the benefits of those products.

"The second piece of software we have is a multimedia presentation so that every customer gets presented every product every time," Stewart told *F&I*. "It opens with a 30-second spiel from the owner. Then it presents to the customer what products are available on the type of purchase they are buying. It does that in a multimedia presentation on a flat screen which faces the customer."

"After they get done watching it, we start audio and video recording all of the transactions that happen in that F&I office. These dealers, from their offices or houses, can actually go in and look up and watch, on the Web, the presentations that their F&I managers did," Stewart continued.



"Then when the audio and video recording starts, we have a computerized menu on the screen facing the customers. They

decide out of that first package which products work for them and which products do not.

"When the customer decides what they want to purchase, we'll have them sign off on a signature card. And it automatically sends, via e-mail, the contracts to the warranty company, the GAP company, the life and disability company, so it's paperless — they don't have to print forms anymore," Stewart explained.

"And then the final part is we do real time data extraction. The program can separate out individual F&I managers; it can put them together; it can put averages on them. It can put benchmarks on them that they can hit."

"And once all that's done and the customer walks out of the showroom," Stewart explained, "our system automatically stops audio and video recording and sends it to the Web."

"I used to own a dealership myself," Stewart explained. "So, I've been able to try to think as an F&I manager. They don't want to do a lot of data entry. So basically what our software does is it fits right into their normal processes and the way they do business now," Stewart said.



"It has tripled our back end. Right now, as of this month, we have gone from \$400 a copy to \$1,200 a copy."

— Jay Leonard, owner, Preferred Automotive Group, Inc.

Preferred Automotive Group, Inc., which operates five stores in the Fort Wayne, Ind., area, uses the menu-selling software from Finance Profit Center.

Before the menu is presented, a short presentation from owner Jay Leonard himself appears on the screen, thanking the customers and noting that there's a lot more to buying a car than just a car payment. The presentation then tells the customer, according to Leonard, "that the gentleman who's sitting across from them right now is going to explain some of the benefits that we offer."

The presentation goes into a brief overview of credit life, disability, warranties, and etch — "the whole bit," according to Leonard. "While the F&I manager is inputting everything into the computer, this is all playing," Leonard said. "And then he has the menu program.

"What's it done for us? It has tripled our back end," Leonard told *F&I*. "Right now, as of this month, we have gone from \$400 a copy to \$1,200 a copy. At the end of the month, if it's doubled — if I can be at \$800 a copy — I'm thrilled."

ETHICS, DISCLOSURE AND CSI

"When we began to look at menus for a variety of reasons, my biggest negative about what we now call the paper menu is that it is cumbersome," said Peter Maxwell, executive vice president of the Providence Group, based in Richmond, Va.

"The F&I manager would go through the options process, write down all of the options the customer would have, and invariably, by the time the customer came into the F&I department, something in the deal had changed. The taxes weren't

calculated correctly, or the trade-in allowance was different, or the customer was really putting more money or less money than the salesman had indicated."

But according to Maxwell, with menu presentation software such as that offered by GO BIG!, dealers can reasonably demand accuracy and completeness in every deal: "If something changes, I'd like another menu presented that reflects whatever is changed, and I want to have a menu that reflects what the customer finally selected.

"Since we've put that in — and I guess we've been doing business with GO BIG! for a little over a year now — we've seen



dramatic increases in stores that were, I'd say, middle of the road before," Maxwell told *F&I*. "And I've seen good increases in stores that were already top performers. So the menu seems to work well with both very experienced, high-performing F&I managers, and with that middle of the road manager as well."

Menus are all about options, Maxwell pointed out. "But when we limit it to what we've written down on that paper before we've had the opportunity to talk with the customer, we're really limiting the options," he said. "With this software to present the menu, now we're truly able to sit there and discuss with the customer — in a fertile selling environment — the products that the customer chooses for his family, and he can mix and match them very easily.

"The software allows you to have flexibility in what you present to the customer, but it also gives the dealer good control as to what's being presented," Maxwell said. "Obviously the dealer can't be in every disclosure, nor can his consultants. But if we're saving those menus in the deal, and we're seeing the deal history, and the dealer has a good service to come in and audit those deals, he can look and say, 'OK, here's three menus the customer went through before we got to the final. Yes, there's an interest rate disclosed on each one. Yes, there's a payment disclosed without any options on each one. OK, I'm comfortable now that we're

making good disclosures.'

"And we've seen dramatic increases in both product penetration and in per retail unit; \$300 increases are not unheard of, with warranty penetrations in the 60s and 70s and product penetrations to go right along with that."

The big advantage, according to Maxwell, is not just in the traditional F&I products increasing, but also in the fact that some of the peripheral products such as chemical appearance protectants or etch that perhaps haven't been traditionally sold before at many dealerships. "Those go up automatically, just because they are offered," Maxwell explained. "They're still buying the service contract. They're still buying a life or a GAP. But now they're also buying an etch or whatever else might come along."

TRACKING THE NUMBERS

According to Alan Andersen, owner of Dealer Group Midwest, the software his company provides, distributed by aka Partners, came together by automating manual reporting and allowing dealers to access more than 90 different reports to analyze their business "from the finance department to the service department to the salespeople, and also to the management team, so that this way you could look at it on a daily basis."

Andersen then realized the importance of menu-based selling in modern dealerships, especially with the advent of compliance and disclosure issues and the need to offer and explain every F&I product to every customer. "So we decided to, with F&IWorks, build the menu aspect of it. Now we have the ability of reporting to the dealer and letting the dealer see the results as the month unfolds, including if, in fact, the menu is impacting penetration and he is selling more products by offering more products to every customer."

Dan Melko, finance director for Biggers Chevrolet in Elgin, Ill., said the number-tracking ability of the Dealer Group Midwest software the dealership uses results in increased productivity.

According to Melko, using the software to track numbers on a daily basis allows him to see exactly where the dealership or the finance department is on such measures as dollars per car and penetration levels at any given time. "So it lets you con-

concentrate on the areas that you need to concentrate on while the month is still going, rather than waiting until the end of the month and figuring out, 'Oops! I should have concentrated a little more on warranties.'

"It also allows you to pull up, at any given moment, which banks are getting your business," Melko said. "You can let them know, 'Hey, you know out of the 60 finance deals I've done this month, I've given you 35 of them.'"

"There are a variety of different reports that you can get, and they are detailed to the amount that you want to look," said Don Fisher, dealer principal at Marion Ford Lincoln-Mercury in Marion, Ill. "You do have something that you can spend three minutes a morning with, and pretty well tell where you're at. I have three F&I people and it ranks them in virtually everything that they're doing."

Fisher also likes that the software is capable of doing menu options for his F&I staffers — and the effect that is having on his bottom line and per-unit dollars. "We were recently — for the first time ever — at \$1,000," he told *F&I*. "This store has been here for 29 years, and we hadn't approached that before using this system. And we approached that again this month. We've definitely seen a big increase."

"It gives me the opportunity of presenting all my products in a more user-friendly method," agreed Ron Vaughn, business manager at Marion Ford. "It's not haphazard, or like an afterthought. Everything is all nice and neat printed off the computer. Because of that, it's helping improve our warranty penetration quite drastically," Vaughn told *F&I*. "It keeps me on my toes making sure that I offer everything to everybody. And Dealer Group's software is flexible. I can change the presentation if a car or a customer doesn't qualify for certain things."

The software is a big help at month-end, according to Melko. "Obviously we generate a lot of reports and paperwork," he said. "That used to have to be done on a manual basis, but now I just have to click a few times and it gives me a variety of reports for the office, for sales, and for myself — so there's no guesswork."

"The software definitely increases productivity," Melko said, "just because you are constantly aware of what your num-



bers are. Every time you put in a deal, it automatically updates, and you know where you are."

Directors at dealerships with multiple finance managers can glance at all of the managers' numbers, both in total and individually, Melko said. "It points out where you need to concentrate your training."

The numbers can also be broken down by product and dollars per product. "It can tell you not only that you selling 50 percent warranty penetration, but also how much per warranty you are making," Melko said. "And it does the same thing with your credit life disability, GAP, and whatever other products you may be selling."

If you'd like to see what you've done for the past six months, that would represent a lot of work if done manually. "With this software you just put in the dates, new, used, or total, click a button, and it's done," Melko said. "What used to take a couple of hours now takes a minute."

MANAGING THE INFORMATION

The biggest problem at most dealerships is being able to manage the information they have, according to Trent Tobias, vice president and general manager at Anthony Pontiac-GMC-Buick in Gurnee, Ill. Tobias was looking for a database management tool that would allow him to know which products his F&I managers were selling, what percentages they were, and their profit potential compared to forecast.

"I sat down and looked at StoneEagle, and said, 'OK, I like what I see so far. But can they customize it to my dealership?'" Tobias soon found that StoneEagle was indeed willing to customize their software.

"They actually flew people out, sat in my office, and we spent two days together, making sure that what I wanted to be in Line A went to Line A, and what I wanted to be in Line B went to Line B," Tobias said. "It was phenomenal."

Tobias said he still talks to StoneEagle once or twice a month. "As we come up with new ideas, we incorporate them," he

said. "They most definitely incorporate my feedback. They tell me, 'Let's get this thing fixed before we go any farther. Let's make sure it works the way you want it to.'"

"What I have now on my desk, I can access it from any PC anywhere in the world," Tobias told *F&I*. "That is so nice, because in this business you do take some time away. I can look in, look at the product that was sold, the percentage of product that was sold any given day or month. I can look at which F&I managers and which salespeople are selling, and see which products are selling and which are not," Tobias said.

Mike Casisa, finance director at Greenbrier Chrysler in Chesapeake, Va., agrees. "It helps me manage the finance



office, so I always know how many disclosures all my finance managers are doing daily," Casisa said. "It also helps me find mistakes very easily. Before we had StoneEagle, sometimes we didn't find mistakes until two or three weeks later."

"The other thing that StoneEagle does is of course we have certain production we're supposed to meet," Casisa told *F&I*. "You can key in what production is, and it will tell you, every day in the report, how much of the month is over, how close you are to production, and how far off if you're off production."

"I can look at my entire department as a whole. I can compare my F&I managers to each other," Tobias said. "I can even look at comparisons to other like dealers. It's a great tool, and it's always fun to print up the three pages, pass them out to the three F&I managers, and obviously the one who has bottom numbers is somewhat embarrassed," Tobias said with a chuckle. "But that's OK. And it's absolutely an incentive — not to get embarrassed!"

ONE-SOLUTION PROCESS

"The main thing about our software is that it's what we call a one-solution process for the dealer," said Neil Thomson,

director of training at Market Scan. "The collaboration between the whole suite is seamless because of the fact that it's written by the same company."

A big time-saver, according to Thomson, is the fact that the deal information only has to be loaded into the system once, then it follows the deal all the way through the process. "That information that you're loading gets loaded in a kiosk on the showroom floor," Thomson explained. "They can access their information and put in the car they're interested in. They can put in their trade. Literally, they can structure the whole deal right there from the kiosk and submit it to the desk manager or submit it to the desking tool.



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"Everything we do has what is called 'drag and drop' design," Thomson said. "Our product, depending on the workflow in the dealership, you can drag and drop in the workflow processes that are totally customizable and any actions and triggers you want associated with those."

Thomson said the software also offers robust reporting capabilities. "The reporting of Sales Force Automation is incredible. It's basically drag and drop for any kind of reports a dealer wants. They can build reports on the fly.

"We can put a plug-in on the dealer's PC at home or laptop," Thomson said. "He or she can access this information through the Web. They can see what's going on live in their dealership. The dealer can access custom reports; he or she can access credit bureaus. He or she can access salespeople and what demo rides they're on. He or she can access their inventory reports. Whenever someone accesses a portion of that workflow, it'll show the salesperson, the customer's name, and what part of the workflow they're in."

With most dealers, according to Thomson, speed is an issue. "The cus-

tomers today wants to get into the dealership and out of the dealership," he said. "But most transactions, the customer can-



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 Market Scan

be three, four, five hours in the dealership. That's crazy! Dealers want to streamline that process — for their customers and for themselves.

"I went into a dealership that had our system," Thomson said. "I bought a used Jeep. I was in and out of the dealership in 40 minutes. I went in, knocked it out, thank you very much, see you later, contract's done, adios. Because my time, three or four hours on a day off when time is kind of scarce these days — that has value."

Frank Ah Sue, Market Scan's national director of customer support, echoes Thomson's point. "With the technology we have today, why does it have to be a three-hour process? That's what we're telling the dealers," Ah Sue said. "They could close more deals in a shorter period of time with more gross if they make it less painful for the customer. And that's the whole beauty of it.

"The technology doesn't sell the cars," Ah Sue pointed out. "It's the people — it's the relationship. All the magic is happening on the floor, with the sales manager, with the salesman. The relationship is their ability to listen — that's where the magic is. Technology is just data that we should be able to access and get them solutions in seconds instead of going back and forth. The dealer already has everything done when the customer's completed the demo ride — when they're most excited about the vehicle."

Thomson cites ease of training as another advantage. "With our product, it's a two-day course," he said. "And it's included in the dealer's package. So in other words, if a dealer buys a suite of products, they come in one day to learn the desking portion of it and then they

come in another day for the Sales Force Automation or the customer follow-up portion of it. All the training is included and we also have our own customer support team that goes out into the dealerships.

"A dealer can come into one of our training centers across the United States any time he or she wants for a refresher course or an update," Thomson said.

PUTTING THE 'EYE' IN F&I

The Red McCombs Automotive Group, with 11 locations in San Antonio, Texas and another in Laredo, uses SmartEye cameras and the SmartTrac program from Austin-based Innovative Aftermarket Systems (IAS).

McCombs operations consultant Mirt Ramey said the McCombs Group started filming F&I transactions early on, before SmartEye was available. "We actually had VHS tapes and a camera attached; we set up our own little system about 2½ or three years ago," she told *F&I*. "The F&I people would have to record every time a transaction took place.



"The F&I person knew that they were going to be reviewed. And because they knew they had a routine and steps to follow, our numbers in F&I, our penetrations increased. It was really amazing," Ramey said.

"I think sometimes your F&I people get a little complacent, thinking 'This guy is not going to buy this,' or maybe they listen to the salesperson telling them, 'No, don't sell them anything!' But they were having to do it, and go through the steps. They were having to pursue the sale — at least ask the customer two or three times. It worked out really well.

"But when SmartEye came out, the CD was awesome. I download the information to my database. Every week they send me the CDs here and I download it. And then after the end of every month, I run a report that shows by contractor, by dealership, and by customer name."

According to Ramey, the dealership has had many disputes resolved through having the transactions available on CD. "If the customer says 'No, I wasn't disclosed; I didn't know I was paying for that,' we just say, 'Well, let's review the videotape,'" Ramey explained. "Sometimes they say, 'Oh, well, maybe it was disclosed.' And then we find out what the real problem is. It usually isn't that problem; often they're just making something up because they weren't satisfied with something else that we can easily take care of. So we've been able to talk with the customer and pinpoint what the problem is."

Customers know they are being taped in the F&I office, according to Ramey. "Behind the F&I manager, completely clear for every customer to see, we have a sign that says 'This Transaction Will Be Recorded For Training Purposes.'"

SmartEye is developing a new archive system, which will eliminate downloading the CDs. That's about six months away, according to Ramey.

According to Ramey, F&I numbers for the Red McCombs Automotive Group are at an all-time high. "If I compare to a couple years back, three or four years back, I'd say it's a 10 or 15 percent increase," she said.

"We stress to our F&I people the importance of disclosure, and it's definitely paid off," Ramey said. "That's why we do not contract unless we videotape."

Even though finance directors, like anyone else, are not always real keen to change, they come around once they've tried the system, according to Ramey. "We have someone who works in our Isuzu store, she's been with us for about 10 years," Ramey said. "She told me 'You know, Mirt, I can't even express to you how SmartEye has worked every time! The customer says something and I go back and review it, and prove that the F&I person did exactly what they were supposed to do, and disclosed everything properly.'"

According to Vidal Lopez, finance director at Bob Turner's Ford Country in Albuquerque, N.M., IAS' menu presentation made a difference in the very first month it was used at the dealership. "There's already an increase in income per deal," Lopez told F&I. "Our product sales have gone up. Our per-unit profit has increased a little more than \$300."



The patent-pending SmartEye process records transaction data and video and stores them together in a searchable database.

THE CONVENIENCE OF EContracting

"I think that first and foremost, an F&I department cares about access to lenders," pointed out Mark O'Neil, president and CEO of DealerTrack. "We now have between 45 and 50 lenders. And I think an important part of the number of lenders is the mix. It is very well balanced between prime lenders and nonprime. That's a shift. Traditionally, people identified us as a nonprime portal," O'Neil told F&I.

"Another message is the advent of no more double data entry — the DMS connectivity is here," O'Neil said. "If you're an ADP or Reynolds user, you can take advantage of it today. And we expect to be launching connectivity with other industry DMS players through the late summer and fall. We think we'll have five DMS players, minimum, by the end of the year, with the possibility of six," O'Neil said.

"And if you want your funds faster in F&I — if you don't want to chase contracts in transit, which is something near and dear to most F&I managers' and certainly general managers' hearts — eContracting is really here and gaining momentum," O'Neil said. "We installed well more than 200 customers last month. My prediction right now is by the end of next year, a third of all dealers will be using the eContracting product. And the follow-



ing year we'll break 50 percent."

O'Neil said the reasons for eContracting's growing popularity are simple. "eContracting gives them same-day funding, eliminates contracts in transit and makes a better customer experience in terms of error rate and speed."

"We use DealerTrack for eContracting with a lot of customers, and that speeds up our cash flow, because we are paid the same day," said Tom Murray, finance director at Koons Sterling Ford in Sterling, Va.

"DealerTrack is extremely convenient," said Sandra Smith, business manager at Kelly Car & Truck Center in Allentown, Pa. "When you use DealerTrack, it allows you to send the credit app to more than one lender at a time. It's definitely time-efficient."

"I use eContract all the time," Smith continued. "With eContracting, you don't have to deal with any more paper contracts. It only takes a minute or two to set up the eContract. The funding process is extremely fast. You actually get funded quicker with an eContract than with the customer paying cash! It's quick and efficient for everybody — for the customer as well as for the dealer and the business manager."

"If you're not using DealerTrack and using our products — eContracting, PaymentTrack, credit apps and DMS connectivity — you are not maximizing the opportunities in your finance office," O'Neil said. ■



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