



4 Responsibilities of an F&I Manager

As an owner, you know one of the biggest profit centers for your dealership is your F&I department. Make sure your F&I manager, whether a full-time, in-house manager or an F&I outsource company, is proficient in these four very important areas. Your dealership's success and your customer's satisfaction depend on it.

1. PROTECT DEALER ASSETS

One of the most critical roles of an F&I manager is to protect your dealership's cash and inventory. Your F&I manager must be professional, trustworthy and honest so as not to put your dealership at risk by participating in unethical practices. We've all heard the horror stories of an overzealous F&I manager "bending the rules" to push a deal through. The lender's agreements have specific language protecting themselves from liability associated with unethical practices such as fake cash and fake trades or falsified income and collateral descriptions. Such actions can result in a deal falling apart, jeopardizing your lending relationships and worse yet, a lender ordering you to buy back a unit. Your F&I manager is responsible for maintaining the delicate balance of getting every possible customer approved and closed while upholding a high level of ethics and integrity on behalf of your dealership.

Your F&I manager must also protect your assets by remaining compliant with state and federal regulations. Federal regulations such as OFAC, Red Flag and the new Risk Based Pricing Rules all govern our industry and it is vital that your F&I manager not only be well versed in these regulations but also must implement and strictly follow steps to ensure compliance. Your F&I manager should conduct frequent reviews to adjust for new or changing policies and your associated internal procedures updated accordingly.

Another way to protect your dealership's assets is to double check that all the paperwork is correct and complete before the customer is quoted a payment and before it is sent to the lender. This might seem like a time consuming task, but incorrect and incomplete credit applications and closing paperwork will cause funding delays, unhappy customers and contract issues.

2. PROTECT AND CLOSE THE SALE

Another crucial role of your F&I manager is to make sure financing helps protect and close the sale. Your F&I manager can accomplish this by knowing his customers and knowing his various lenders. For instance, your F&I manager must know how to work with all types of customers including the rate savvy, payment conscious, and credit challenged. When an F&I manager is working with credit challenged customers, the customers need someone who will listen to and understand their stories and explain to them that your dealership has

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lenders who specialize in situations like these. If the F&I manager is not qualified enough to get a deal done with all types of customers, the profitability of a deal could be undermined, or worse off, lead to a salesperson losing the customer altogether.

Just as your F&I manager needs to know how to work with different types of customers, he must also work with the right mix of lenders, remain current with lenders' ever-changing guidelines and know which lender to forward the deal to receive the best chance of a loan approval and to get the advance that is needed to get the full purchase price approved. For example, your F&I manager has to know which lenders allow more advance for backend products, which allow more points for reserve, which lenders have shorter terms and lower rates versus those that finance for 20 years. By knowing the differences, the F&I manager will submit paperwork to the lender with the best chance of approving the loan request.

3. INCREASE DEALER'S BOTTOM LINE BY SELLING BACK-END PRODUCTS

Selling aftermarket products are perhaps the most obvious yet one of the most often overlooked aspects of the F&I manager's role. Products such as extended service contracts, GAP, credit insurance and road hazard protection present opportunities for you to help protect your customer's investment, bring business back into your dealership and generate profit. Your F&I manager should work with the sales staff to create ways to introduce products early in the sales process through sales staff recommendations, providing printed or electronic materials in the customer lounge or showroom, displaying ESC signage at the cash register and at the service bay and follow up with phone calls, letters and coupons after the delivery.

Your F&I manager should also be proficient at presenting customers their options in a clear and consistent manner. Menu selling — presenting your customer with a printed list of packages spelling out all F&I products available—allows your customer to make his or her own decision and protects your dealership from liability by not offering all of your products to all of your customers. According to J.D. Power and Associates, 93 percent of customers want a sales consultant to explain their finance options in a non-pressurized setting and allow them to make their own decisions. However, the most important tools that an F&I manager should use to increase product sales are his sales and communication skills. By asking the right questions and listening to the customer's response, your F&I manager builds rapport and will obtain critical information about the customer's personality, lifestyle and how they are going to use the unit. Using this information will increase your penetration of products and increase your bottom line.

4. MAINTAIN HIGH LEVEL OF CUSTOMER SATISFACTION

It is easy to track success in terms of F&I profit or approval and funding ratios. On the other hand, customer satisfaction is an area that is a little less tangible but must not be overlooked. Your F&I manager should help to ensure your customers respect your business, enjoy their time in your showroom and become loyal, repeat customers. One of the most difficult conversations a dealership employee can have with your customers

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pertains to the financing of their purchase as it entails conversations about their income and their creditworthiness. Make no doubt about it, whether they are A paper, C paper or don't qualify for any lender's program, the way your customers feel about their experience in the F&I department will determine whether you have a repeat customer and advocate of your dealership on the streets or not. How your F&I manager discusses credit, offers product and presents the closing documentation should reflect positively on your dealership. Your customers should feel they will be protected from unexpected expenses and confident in referring their family and friends to a dealership that cares about more than just selling a vehicle.

Beyond the initial sale, your F&I manager, in conjunction with your sales team, should become part of your customer's lifelong group of advisors informing them of industry news, sales and financing promotions and networking opportunities. By keeping in touch occasionally, you keep the dealership on the mind of the customer and increase the chance of repeat business and additional profit.

In this day and age, your dealership cannot accept an F&I manager that does not see eye-to-eye with you on these top four areas. Make sure your F&I manager understands what your priorities are and how his responsibilities will contribute to the success of your dealership.

About Priority One Financial Services

Priority One has been serving the marine and RV industry since 1987. Acquired in 2007 by Forest River, Inc. a Berkshire Hathaway company, Priority One serves as the F&I managed services provider for hundreds of dealers nationwide. For more information, visit www.P1FS.com.