

# It takes a Pro

## *How to Maximize Your F&I Profits*



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**W**hen you ask a boat dealer about his or her sales or service department, you typically see the dealer beam with pride. You'll probably hear about the sales department's ability to exceed sales goals and about the service department's superior customer service. So why don't boat dealers give their F&I departments this same level of importance? They wouldn't trust their administrative assistants or salespeople to service their boats—Yet these are the employees that most boat dealers put in charge of their F&I!

F&I is a profit center that is just as important to your dealership as the sales and service departments. F&I involves much more than filling out a customer's credit application and faxing it to a lender. Not every customer's credit is perfect. Only a professional should handle this sensitive subject with your customers, and only a professional knows how to gain the highest number of approvals on borderline finance deals. After all, if your F&I professional can obtain financing for a customer with less-than-stellar credit, he or she has not only saved the sale but has also increased your profit on the sale! Remember—your F&I professional will make you money from participation on the loan and by selling a service contract and credit insurance.

A good F&I professional must be trained and experienced with a great reputation in the industry. You don't want to turn over your valued customer to just anyone. The Insurance Industry runs F&I training schools that teach students how to work with lenders, sell to customers, and provide great customer service. But education alone is not enough. An F&I professional must also have experience to maximize your dealership's profits. This type of high caliber employee with proper education and training doesn't come cheap. If you would like to hire a strong F&I manager with great references, you can expect to pay that person \$50,000 a year or MORE plus benefits! You must also be prepared to pay the employee's salary and benefits throughout the year... even during slow sales months. Some dealers get themselves into a trick bag by attempting to turn their F&I managers into boat salespeople during the off-season. Suddenly the F&I manager is so entrenched in sales that he or she doesn't have time to handle F&I anymore, and you are back where you started from. You have no one dedicated to F&I on a full time basis, so your profits diminish. First and foremost, you must be committed to your F&I department in order to grow your dealership to the highest level of profitability. Here are a few things to keep in mind when hiring an F&I manager. The candidate should provide you with:

- A list of references
- The candidate's number of years of experience
- The name of the F&I school that the candidate attended
- The names of lenders that the candidate has relationships with
- The candidate's historical job performance including—
- Average profit generated per deal
- Average percentage of loans approved
- Average percentage of deals closed



If you determine that hiring an additional full time employee is not for you, or you have multiple locations that require more than one F&I manager, you have a great alternative. You can team up with an F&I outsource company. Marine F&I outsource services range in size from fully staffed companies to freelance operations with one or two employees. These operations make their money by taking a portion of the additional F&I profits that they generate for your dealership. Consequently, you owe them nothing unless they get your deals approved and funded. If you are interviewing an F&I outsource service, you should ask the provider for:

- A list of dealer references
- The provider's number of years in business
- The provider's number of employees
- The staff's experience & training
- The states in which the provider does business
- A list of manufacturer endorsements
- The provider's historical performance—
- Average percentage of loans approved
- Average percentage of service contracts sold
- Average percentage of deals closed

An F&I department takes only one thing to be successful. It takes commitment—commitment to professionalism and commitment to profitability. So the next time you're bragging about your sales or service department, stop and think about whether you can bestow those same accolades upon your F&I department. If you can't, you'd better start looking for an F&I manager or an F&I outsource company. A dealership that displays professionalism from top to bottom will always be a winner.

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