

# F&I in the 21st Century

## *Dealers Are Saying “Outsource It”*



BY LISA  
GLADSTONE

**N**ow that marine dealers see the profitability of F&I, more and more of them are choosing to outsource their F&I to experts. Outsourcing provides a dealer with access to trained and experienced F&I professionals without the costly overhead of an in-house F&I department. A few lenders, however, have trouble seeing this new wave of the future because they fail to understand the benefits of outsourcing to them. If you encounter an uninformed lender, explain that F&I profits matter to you and that outsourcing can also be of service to the lender.

Most marine lenders realize the tremendous advantage of working with F&I outsource companies. It is typically a local or regional lender that may be confused by the concept. These lenders don't realize that by working with outsource companies, they receive deals that have been thoroughly reviewed before being sent. This eliminates the "shotgun" approach of randomly sending a deal to every lender, regardless of individual lending guidelines and criteria. As a result, funding ratios improve. Outsource companies understand lending laws, and this knowledge protects both lenders and dealers. Outsource companies also simplify communication for lenders by enabling them to keep track of numerous deals at numerous dealerships with just one point of contact. And finally, outsource companies provide lenders with more complete and accurate paperwork for their deals.

The occasional uninformed lender just needs a little education. The lender may inaccurately consider the outsource company "competition." F&I outsource companies do not take deals away from lenders. Instead, F&I outsource companies will send a lender only those deals that the lender may approve. Consequently, the lender's staff does not waste time and resources on applications that will likely be turned down.

If your dealership encounters an uninformed lender, explain to the lender that you've decided to work with an F&I outsource company because the additional profit is very important to you. Encourage the lender to speak with your F&I outsource company. This conversation may help the lender see all of the benefits of outsourcing—for you and for the lender. You deserve to hire the best people for the jobs at your dealership. A lender would never think of telling you who to hire as your sales or service manager, yet some lenders think it's okay to tell you who should run your F&I department. If you determine that an F&I outsource company will do the best job of handling your F&I, lenders should respect your wishes.

You should share your decision to outsource with all existing lenders who do a good job of servicing your dealership. You may want to consider sending them a letter that introduces them to your F&I outsource company and provides them with the appropriate contact information for the outsource company. You may also want to provide your lenders with a statement that emphasizes your choice to outsource. The following template could help.



Dear Lender:

Our dealership understands the importance of operating a professional F&I department. We consider F&I a vital profit center for our dealership, so we have contracted with (name of outsource company) to handle all retail financing for us. Please direct all future communication regarding our finance deals to our F&I outsource company. We appreciate your cooperation.

Again, the majority of marine lenders understand the concept of F&I outsourcing and welcome outsource companies with open arms. These lenders know, from experience, that working with an F&I outsource company is no different than working with a dealership that employs a full-time professional F&I manager.

F&I outsource companies provide a win-win relationship for both dealers and lenders. Dealers benefit from the help of a professional F&I department without the expense. Lenders benefit from working with F&I professionals who understand the nature of their business, their needs, and their requirements. These clear advantages have turned outsourcing into the marine industry's F&I solution of choice.

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*Lisa Gladstone is president & CEO of Priority One Financial Services in St. Petersburg, Florida. Priority One is an F&I outsource company that has been serving the marine industry since 1987.*