

# AS SEEN IN

## CANADIAN AUTOWORLD

focus on **finance & insurance**

### Converting the cash buyer takes sales, F&I cooperation



**Duane Marino**  
Columnist

Increasing your finance penetration on both new and used vehicle sales through cash conversions has various benefits.

Your overall closing ratio on car sales goes up as fewer customers arrange their own loans.

Your overall approval ratios tend to go up as more volume to lenders leads to a better skilled business manager with regards to dealing with lenders.

Many lenders buy a little deeper from stores that send them more paper.

Your other product sales tend to go up as it's much easier to present and close on a monthly payment bump than an overall price increase.

Your sales of A&H and credit life increase as you can't even offer those products on cash deals.

Lastly, there are fewer cancellations and fall-out between closing the sale and delivery since customers fully realize and feel they have made a buying commit-

ment once financing has been secured.

Here are some thoughts on how to improve your success with cash conversions and increase your overall finance penetration:

**REVIEW YOUR ADVERTISING:** Your ads should have an equal or greater emphasis on monthly payments than on the price.

**ADDRESS IT:** Talk about it in your sales meetings. Your business managers should be part of the sales meetings and get five to 10 minutes every meeting to discuss issues that are pertinent to the store's goals relative to F&I and specifically to finance penetration.

**KNOW THE TRICKS:** You should ensure everyone is properly trained on the basics of financing. It surprising how many sales people, sales managers and F&I professionals really don't know the basic benefits of financing at the store versus financing at the local bank branch, credit union, trust company or paying cash.

**START A BUZZ:** Create some attention on your sub-prime and non-prime business. Every month I'm surprised at how many of my own used-car customers

with credit concerns can be pulled ahead and closed today, rather than wait until they have cash to pay for a car, just by bringing this up with them all the time.

**KEEP TRACK:** Track all sales that were not turned over to F&I. This will clearly show the relationship between all F&I metrics and how they are positively affected by the F&I process. Crystal clear will be the financing versus cash deal ratios.

**SUBTLE INTRODUCTION:** Encourage your sales people to use a standard credit application when closing the sale.

When the sales person checks on figures have them hand the customer a simple truncated credit application and say: "I'll be checking on things for just a few minutes. While I'm gone, if you're considering financing or comparing our rates to your bank, please take a couple minutes to fill this out. Just fold it up and put it back in this envelope. It will save you some time, and maybe money, when our finance and insurance manager reviews it with you and starts to shop for the best available rate," – a wonderful way to subtly introduce financing.

**TEACH THE SALES TEAM:** Train your sales staff how to disclose approximate

payment ranges while selling the car. There are so many benefits to the store, the sales person and F&I when the sales team understands basic round numbers relative to terms and monthly payments while qualifying and closing the sale that I can't even touch the surface here.

**RUN A CONTEST:** Create some fun and excitement by holding a monthly contest for your sales team around either volume or penetration of financing. And, of course, make a small bonus for capturing financing business part of your sales person's pay plan.

**REINFORCE RELATIONSHIPS:** Post participating bank logos in the F&I office and on the showroom floor. These visual reminders and the presence of your local credit unions, banks and captive finance companies logos in the showroom bring credibility to the brokering of deals.

Remember, a great process is something you do for your customers, not something you do to them.

*Duane Marino is the principal of Team Rel-Mark Dealer Services. He can be contacted at 1-888-735-6275 or via email at [info@duanemarino.com](mailto:info@duanemarino.com)*