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Balancing act

by Gil Van Over

I was chatting with a controller the other day about compliance. He raised the old argument of turning a blind eye to some old school and old time practices for the sake of profitability.

Suppressing my best Charlie Brown scream, I proceeded to lay out my argument that the two are not mutually exclusive.

Our experience shows that dealers who adapt a compliant mindset and process in the sales and F&I areas improve their profitability. There are several reasons for this.

A Consistent Payment Quoting Methodology – this starts the deal out right with a standard term and a defense against both payment packing and discriminatory pricing.

A Structured Approach to F&I Sales – whether you use a menu or something that looks like a menu but is called something else, it provides a structured approach to F&I sales. Additionally, a menu properly executed will avoid a majority of the potential compliance issues by offering every product to every customer every time.

An Overkill Approach to Disclosure – adapting the three times rule will provide three documents to show a judge and jury that the customer did select the products purchased at the price paid for. Implementing a Final Buyer's Order into the process between the menu and the retail or lease contract helps give the third important document.

A Periodic Review of Forms Execution – potential class action litigation is enhanced if the forms are consistently completed incorrectly. Periodically checking the DMS print outs should short-circuit this risk.

A Transparent Process – amazingly, customers tend to keep products when given the choice to purchase the products that fit their needs. Using a compliant process leads to less chargebacks.

These are the reasons that the top dealer groups have adapted compliance as the only way to operate. It leads to improving profitability and is the right way to do business.

Gil Van Over is the President and founder of gvo3 & Associates, a nationally recognized F&I, Sales and Red Flag Rule compliance consulting and training firm (www.gvo3.com).

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