

Article from **Dealer Magazine** (http://www.imakenews.com/dealercomm1/e_article001592036.cfm?x=b11,0,w)

November 10, 2009

Establish max pricing guidelines

by Gil Van Over

Sometimes in our zeal to turn a profit, we go too far. Sometimes when we get a laydown, we get greedy.

Sometimes when this happens, and someone reviews the transaction on behalf of the customer (sister, son, attorney, or accountant), it creates a problem.

The industry has come a long way since the infamous case of managers going to jail, in part for selling a \$15 F&I product for \$1,200.

Some state regulate the price of the product sold in F&I. Credit Life and Disability is regulated everywhere. Gap is regulated in Nevada, Texas and Michigan. Dealers in Florida have to file rates for the service contracts, etch and tire coverage products they sell.

If you operate in a state that does not regulate the price of F&I products, it may be a good idea to establish your own maximum pricing policy. Here are a few suggest guidelines to start (if these products are not regulated by your state):

Gap – Up to the lender's guidelines

Service contracts – Ask your product provider for MSRP rate charts and use those rates

Tire & Wheel – Establish a maximum profit over cost

Chemicals – Establish a maximum retail price per chemical

Etch – Determine a maximum retail price

Developing a sound maximum pricing guideline policy and ensuring that it is consistently applied can go a long way to helping avert price gouging claims.

Continued good luck and good selling.

© 2009 by gvo3 Consulting, LLC. All rights reserved.

Published by [Dealer Communications](#)

Copyright © 2010 Horizon Communications Inc.: All rights reserved.

Information in this newsletter is provided by both proprietary and public sources. Dealer Communications makes no claims as to the accuracy of information provided by third party providers.

Powered by [IMN](#)