

The Great Debate: To Video or Not to Video

by : Gil Van Over

If you are married, as I am, you know there are two versions of the world. The way the world is and the world according to your spouse...

My world is a hectic one. I have a wonderful wife who insists on working when she should be enjoying life; two grown kids and a 17-year-old who thinks he is grown. Almost every week, I'm traveling to a client's brick and mortar store, a courtroom to testify on a dealer's behalf or an industry group to make a presentation.

I am a strong proponent of outsourcing because of this hectic pace. We have lawn people to cut the grass and trim the hedges, pool people to maintain the hot tub and a cleaning service to keep the house clean.

In my wife's world, she appreciates the outsourcing. However, she insists on cleaning the house the night before the cleaning crew arrives!

In the world according to my wife, she wants to have her house in order before the outsourced crew arrives.

Some dealers feel the same way about auditing and video recording. I've discussed compliance efforts with some dealers who tell me that they want to get their compliance program up and going before they start with any deal jacket audits or video recording F&I transactions.

Change of heart

I was originally against video recording F&I transactions for a simplistic reason: Smoking Guns! My opinion, like many dealers, was, "Unless you are squeaky clean, you don't want to provide the evidence someone else can use to successfully sue your dealership."

Or, as my wife says, get your house in order first.

The issue is much more complicated and deserves more than a simplistic opinion.

I am starting to believe that video recording has more benefits than obstacles. Video recording can help you:

- Save on litigation costs by assessing risks early. Whether you convince the dark-side attorney that the lawsuit is frivolous, or conduct a risk assessment and determine you need to settle rather quickly, you prevent the plaintiff's counsel from racking up billable hours.
- Prevent identity theft. An identity thief has made it through your sales process without detection. She is sitting in your F&I Office, ready to forge someone's name and put your business at risk. Your F&I Manager sets up the close by saying, "We video record all of our transactions for training purposes..." The identity thief shades her eyes, excuses herself to use the restroom and disappears. You just thwarted a crime!
- Minimize unpredictable jury verdicts. Face facts. Consumer surveys about trustworthy occupations list car dealers near the bottom, just below lawyers. Jury boxes full of six skeptical citizens will want to believe the consumer, not the car dealer. Some juries assess ridiculous punitive damages. By showing what really happened, jurors could make assessments based on the facts, not emotions.
- Defeat frivolous lawsuits. Even when you have done nothing improper or illegal, you sometimes

faces a customer's unreasonable demands. According to the customer, someone has made misrepresentations or otherwise acted improperly in handling the sale transaction.

- By being able to demonstrate both visually and audibly the real facts, and not the world according to the customer, you are less likely to be sued and far less likely to be forced to make unwarranted concessions to avoid the risk and expense of litigation.
- Provide excellent training fodder. A regular review of a sampling of F&I transactions gives you the "fly on the wall" perspective to know that your managers are following the policies and procedures you have installed. If the managers are not following your orders, this review will tell you so that you can address any deficiencies. Additionally, the managers are more likely to follow the policies set in place if they know you are watching.
- Monitor compliance efforts. Video-recording enables you to monitor compliance and to detect those employees who are not serious about meeting your expectations. This can go a long way toward reducing the number of disputes that arise.
- Qualify for penalty reduction under Federal Sentencing Guidelines. Documenting that you have an audit process in place and take corrective action when you uncover issues is one of the critical components that can help reduce potential penalties or fines under the Federal Sentencing Guidelines (see February, 2005 Dealer magazine, "Partners Against Crime").

Good luck and good selling!

Gil Van Over is the president of gvo3 & Associates, a nationally recognized dealer compliance consulting firm. He assists dealers with F&I and sales compliance.