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The Future of F&I

by Gil Van Over

A poster on one of the message boards I regularly visit posed an interesting scenario. "The future of F&I appears to be grim. Competition and customers are leading the industry into a shotgun-click, Internet war. Customers will come into the dealerships with a done deal and F&I will be nothing more than paper pushers. Salespeople will be eliminated and managers with sales and F&I experience will be the survivors."

To which I say, "Balderdash!"

A competent F&I manager brings at least three skills to the position that require time and constant tuning to master:

- Getting deals bought
- Selling the value of F&I products
- Monitoring compliance efforts

I remember in the early '90s when a large, prominent domestic dealer in Michigan decided that he didn't need F&I managers. His reasoning? His experienced, long-term sales staff could handle the paperwork, work the lenders and sell products. He could eliminate the expense of four F&I managers.

The dealer scuttled his short-lived experiment because of a very simple reason. His primary lenders complained that they needed a central point of contact to rehash deals. The credit analyst became bogged down trying to rehash deals, explain underwriting guidelines and manage the rate sheet with 30 salespeople instead of four professional F&I managers.

I am aware of a few owners who have attempted to change their process by turning F&I managers into F&I clerks and salespeople into Ups representatives. The Ups rep is responsible for showing the vehicle's features and benefits to the customer. The customer is then turned over to an experienced Sales/Finance manager. This manager sells the vehicle and finance products at one sitting. Once the customer settles on a deal, he is sent into F&I, where the F&I clerk simply completes the paperwork and obtains customer signatures.

The owners eventually reverted to a more standard sales process after grosses and F&I profitability started trending downward faster than the offsetting expense savings.

Finally, compliance with the myriad of state and federal laws and regulations requires a detail orientation. A competent, compliant F&I manager is detail oriented—a trait that is often missing in some sales managers.

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