

Menus – A Compliance Comparison
By Gil Van Over

I abhor *Consumer Reports*.

I know pencil-heads that will not decide between plastic and wood toothpicks without consulting *Consumer Reports*. I know a pocket-protecting individual who purchased one brand of blender over another brand simply because of a power pulse button touted in *Consumer Reports*. An impulse purchase to a *Consumer Reports* devotee is Wrigley's Spearmint over Wrigley's Doublemint.

Therefore, you can imagine my angst and chagrin when the thought of writing an article to compare the compliance virtues of the various software menus raced through my gray matter.

I apologize...but here goes.

I run across most of the software menus available in the industry today through my various consulting engagements. As a disclaimer, I do not have a marketing agreement or financial incentive with any menu providers.

The answer to the question of who first developed the menu system to sell F&I products is just as vague as who first developed the menu system to sell hamburgers. Maybe Al Gore did both at the same time he was creating the Internet.

Regardless of who came first, there seems to be consensus that the intent was to drive the sale of F&I products. Today, we all agree that a menu is not only a tool to drive the sale of products, but perhaps more importantly, is a compliance tool. There are not any legislative or mandatory requirements to use a menu to sell F&I products. However, over the last five years, five best practices have emerged:

1. Memorialize the vehicle sale
2. Present the products
3. Finalize the F&I sale
4. Provide ancillary disclosures
5. Offer optional features

1) Memorialize the vehicle sale: Clearly disclose the agreement reached in the sales process between the consumer and the Sales Manager by disclosing the selling price, trade information, rebate, cash down, fees, balance to finance, term, APR, and base monthly payment.

2) Present the products: Present all available F&I products all the time (even if sub-prime customers have to pay cash) to all the customers, disclose product pricing and provide accurate product descriptions.

3) *Finalize the F&I sale:* Confirm the products the consumer agreed to purchase, disclose product pricing, and confirm the agreed upon final payment.

4) *Provide ancillary disclosures:* Disclose that the purchase of products is optional, is not required to obtain financing, that products can be purchased separately and outside of dealer arranged financing, and that the purchase of products will not affect the customer's rate.

5) *Offer optional features:* Provide an OFAC clearance, ID verification, Dealership Management System integration, and date and time stamp.

Now that this reluctant *Consumer Reporter* has identified the five best practices for a compliant menu, let me move ever forward in this distasteful exercise and compare three commonly used software menus using these five components.

Menu Track

Known in a previous life as GoBig! until purchased by Dealer Track, Menu Track memorializes the meeting of the minds between the consumer and sales by disclosing the selling price, trade allowance, payoff, cash down, rebate, base payment, term and APR. Two critical components, fees and balance to finance, are not disclosed and a third, the APR is buried in smaller font at the bottom in the disclosure paragraph. Additionally, the base payment can be moved from a prominent disclosure at the top of the menu to the disclosure paragraph in smaller font, not necessarily compliance friendly.

Menu Track can completely fulfill components two, three and four at the dealer's option. The dealer can elect to omit product pricing from the presentation menu, which I believe is a big mistake.

Finally, Menu Track offers integration with Reynolds & Reynolds and ADP (sorry UCS users, but you are used to this by now.) It does not presently offer an OFAC clearance and ID verification, but does date and time stamp the menu.

Menu Wizard

This menu memorializes the vehicle sale by disclosing the purchase price, rebate, cash down, trade allowance, trade payoff, balance to finance, term, APR and base payment. It allows the F&I Manager to lump taxes, doc fees, title fees and other items into one category labeled "Other Fees". An unscrupulous F&I Manager can inflate the amount in this category to pack the base payment.

Menu Wizard can completely fulfill components two, three and four at the dealer's option. The dealer can elect to omit product pricing from the presentation menu.

Like Menu Track, Menu Wizard offers integration with Reynolds & Reynolds and ADP. It does not presently offer an OFAC clearance and ID verification, but does date and time stamp the menu.

Smart Menu

Smart Menu memorializes the vehicle sale by disclosing the purchase price, rebate, cash down, trade allowance, trade payoff, balance to finance, term, APR and base payment. It does not disclose the fees. An unscrupulous F&I Manager can inflate the amount in this category to pack the base payment.

Smart Menu can completely fulfill components two, three and four at the dealer's option. The dealer can elect to omit product pricing from the presentation menu.

Like the other two menus, Smart Menu offers integration with Reynolds & Reynolds and ADP. Unlike the other two menus, it offers an OFAC clearance and ID verification, as well as a date and time stamp on the menu.

Feel free to use these five components to critique any software menu you are considering implementing. It will help your F&I Manager with both compliance and efficiency.

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