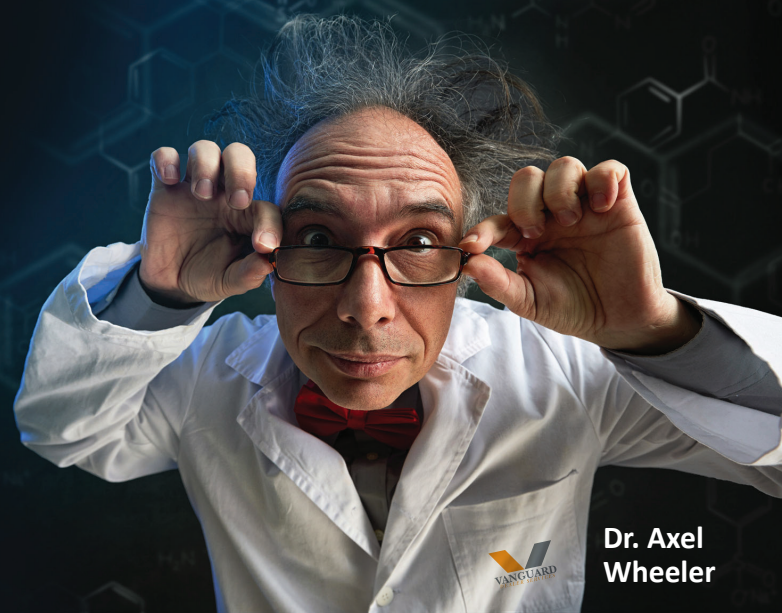


A Strong Assessment

for a Stellar Year

We've had our office visit and initial assessment in last month's newsletter, to make sure you have a stellar year.

Time for a New Year's checkup...



Dr. Axel
Wheeler

PART 2

Now let's take a look at your lab results... you know, your department numbers.

Look to Book Ratios with Lenders

This quickly lets you know if you have enough lenders and who is receiving your paper. It's a leverage issue.

Lender Average Loan Decisioning Times

Even with Dealer Track & Route One, we still experience slow loan approvals. Keep track of these times and share liberally with your lender reps.

Lender Buying Habits, as Submitted, Conditioned, or Denied

This one is a must, to determine who your best lending partners are through consistency and assistance with difficult deals. All of them buy the good ones.

Average Down Payment

The secret to selling paper to lenders and product to customers is healthy down payment levels. Keep a close eye on this one and share daily with your salespeople and sales managers.

Turnover % Should be 100%

No exceptions. Show me a store with poor turnover and I'll show you an ill Finance Department.

Payment Advancement \$\$

Document how deals are being worked in the showroom and how payments are coming into your department. Then, keep track of how much you positively move the payments. Our job is payment advancement.

Specific Inventory Conducive to F&I Sales

F&I Managers should know which specific vehicles in inventory are F&I department gold mines, then be vocal to the inventory managers about stocking them.

Average Time Customers Spent in the F&I Office

Speed is of the essence with modern buyers. Too little time spent determining needs and offering solutions is detrimental to products sales, but too much time makes the customer uneasy and nervous, undermining your efforts to help the customer choose the right protection plans.

We're not done yet...

Your F&I Sales Log

Units – First place to start is how many new, then used sold for the month. Every unit poses an opportunity, since we have any year, any mile programs.

Finance % – Of those units sold, how many were you able to control the financing? Finance penetration is vital to product penetration and sales.

VSC % – Since it's usually easier to sell a VSC on a finance deal, we should see penetration levels on VSC about 5% higher on new units, and on used, 10% higher than your finance penetration.

GAP % – Since GAP can only be sold on finance deals that we control; our percentage needs to be calculated against finance deals. We should be regularly hitting 40% to 50% levels, once you factor out the folks with big down payments and equity.

Pre-Paid Maintenance – Your PPM is a retention tool for the dealership. Keep your profit levels at a place where the customer sees real value in purchasing. Make it a volume product and get to 50% + penetration levels.

Environmental Chemical Package – Your salespeople play a major role in your success here. If they are effectively demonstrating the value of the chemical package and the return on investment at trade-in time, customers will take advantage of your plan. If the first place the customer hears about these plans is in your office, good luck convincing them to buy them.

Credit Insurance – Often overlooked as one of the most valuable F&I protection products we have. What's a customer's credit worth to them? We all have stories of favorite customers whose untimely death or disability caused a spouse to lose the use of their automobile. Take a second look at this product again and consider adding it to your product mix.

Tire & Wheel – Everyone can tell you a story about damaging a tire or rim. What they may not be aware of is how much it costs to fix or replace them. Have the examples ready on your desk to demonstrate the value of tire & wheel coverage.

Ancillaries – From forever battery & key programs to trade equity protection plans, determine what's right for you customers and dealerships. Determine if "bundling" certain products together offer a real value story for your clients.

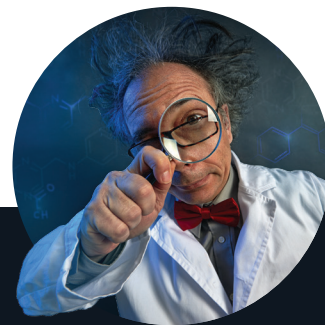
\$\$PVR (Per Vehicle Retail) – The number every F&I Manager is ultimately judged on. It's the number your GM & Dealer look at everyday to determine the health of your department, and ultimately the dealership. You should recalculate this number after every delivery and be able to recant this number immediately when asked.

PPD (Products Per Deal) – A high PPD will lead to a high \$PVR. Again, bundling helps us drive the number up, but your determination to demonstrate the value of your offerings in the F&I office will determine this number.

Finance vs. Product Income – With interest rates on a steady incline, we have clients who are very concerned about interest rates and are shopping for their best deals. Make sure we are not surviving it the F&I office on reserve income. After all, has interest rate ever paid a repair order in the shop, or has it ever paid off the excess balance after a customer's vehicle has been totaled? I didn't think so.



We've covered a lot of ground in Part #2



Knowing and understanding the value of your department numbers will help you form a strategy to better market them and ultimately improve them!