

F&I and Showroom

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A man and a woman are standing in a car dealership, looking surprised. The man is on the left, wearing a brown vest over a white shirt and blue jeans, with his hands raised to his forehead. The woman is on the right, wearing a white shirt over a blue top and blue jeans, with her hands raised to her forehead. They are both looking towards the camera with expressions of surprise or concern. In the foreground, the rear side of a white car is visible, including the rearview mirror and the rear wheel.

HOW TRANSPARENT ARE YOU?

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HOW TRANSPARENT ARE YOU?

There are thousands of different levels of transparency, varying widely from one dealership to another. Where does your dealership fall on the scale?

BY LLOYD TRUSHEL

We live in a world full of buzz-words, with “transparency” high on that list. Everybody uses it to describe their process or way of doing business, but “transparency” means different things to different people. Each of us will define this word differently, through our own eyes, and with our own personal life experiences as a lens.

I could ask 10 different people for the definition of transparency and get 10 different answers. It’s like an onion: The deeper you go, the closer you get to the core, but there are many layers along the way.

There are thousands of different levels of transparency, varying widely from one dealership to another, but it doesn’t stop everyone from using the “T” word as a broad stroke to describe their business practices.

PEELING THE ONION

You might think the first layer of the “onion” is simply telling the truth, but it’s not that simple. Sometimes the truth is used to manipulate people, by stating it in a way that’s designed to leave a false impression. For instance, telling some of the truth while withholding enough information that the other party doesn’t clearly understand the offer or proposal they’re considering.

Before I worked for myself, I worked with a guy who was skilled at spinning the truth. One day, he and I were doing

dealer calls in his market. On our way to an appointment, he pulls into a store owned by AutoNation, grabs a pitch kit, and walks inside. Once there, he hands a marketing kit to the receptionist, with instructions to give it to the



general manager as soon as possible, then leaves ... a 60-second investment in total.

Two hours later, he’s telling a prospective dealer that AutoNation is currently reviewing the same product he was pitching to them. This was nothing more than creating a means to spin the truth. He felt this was completely reasonable, because it was “technically” true. The receptionist, who was an employee of AutoNation, had seen the materials and promised to give them to the general manager.

He was very convincing. Lots of dealers felt his confidence and signed

up with him, only to be disappointed by his lack of follow-up and genuine concern. I disagree with his methods, but I will acknowledge the power that comes with knowing you are telling a “truth.” People feel it, and that’s what makes it so dangerous. Because people feel it, they are more let down once the complete story comes out.

CREATE A CULTURE OF TRUST

Everyone says closing is about creating trust.

No kidding.

Experts in sales training all agree that cultivating trust is absolutely necessary if you want to close deals profitably. Trust cannot be given to the salesperson alone however, it must exist in the whole dealership to create a quality overall experience. The kind of experience where people will buy from the same store repeatedly.

In the 1990’s, Xerox did a study to understand the difference between “satisfied” and “completely satisfied.” Specifically, the gap between four- or five-stars. They learned that four-stars meant very little, but five stars or “completely satisfied” meant that when it was time to replace their current unit, the customers didn’t shop around; completely satisfied customers just went right back to Xerox and purchased.

Without trust, people hesitate, which



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sales process. Not only on the car, but also on their F&I products. This “fairness to all” way of treating customers weaves its way through the fabric of the dealership, and their customers feel it. They have a saying in the dealership, “Transferring the trust.” This is the phrase they use to describe the process of introducing the customer to F&I.

On average, they run nearly 70% VSC penetration, with consistently better-than-average closing times. Some of this is a result of having one-price F&I products—there’s no haggle. Of course, there is sometimes a conversation about value, but not dropping their price keeps the conversation clearly in focus. It works, and with regard to profits, it’s easy to monetize and make adjustments. This predictability helps Poole retain good people.

Poole isn’t worried about the Carnavas of the future, because he’s not competing against them. He’s competing against himself. Looking for ways to improve processes, profits, and the customer experience, and working with a keen understanding that real transparency is a behavior that keeps people coming back without shopping around will continue to fuel his success.

PEELING BACK THE LAYERS

Imagine you’re waiting in line at the bank or grocery store. You find you’re standing next to one of your customers from a few months ago. If you were transparent, seeing them would be a positive experience, with feelings of mutual respect. But if you had been less than honest, you’d probably want to avoid them.

To inspire trust, we must first find self-trust. We must do the right thing, even if it means we might miss a sale. This can be very hard to do sometimes, but ultimately you’ll inspire more people to trust you if you always do the right thing.

We must also have trust in our leaders to do the right thing. As Lee Iacocca used to say, “The speed of the leader, is the speed of the team.” Transparency creates trust, and in turn, trust leads to speed. ■

ABOUT THE AUTHOR

Lloyd Trushel is a 28-year veteran of the automotive business and co-founder of the Consator Group, an F&I development company specializing in customized training solutions.

causes transaction times to slow and grosses to fall. As a counter-measure to their hesitation, we often sweeten the deal. Sales managers lower prices to inspire the customer to trust that our “number” is fair. This works for most logical customers because prices are very easy to compare, but at a cost to our profits.

If we don’t wish to engage in the “race to the bottom” on price, we must compel people to feel trust for the organization early in the relationship, by earning it the hard way, and then working to keep it.

TRUST IS FELT

When I began writing this story, it was about the differences between one-price and negotiation sales models. I wanted to unpack what makes a company like

Carvana keep growing, but my focus changed after I met Terry Poole.

How many dealerships can boast about having won the President’s Award for CSI 33 out of the last 34 years? How about achieving nearly 70% VSC penetration consistently? With under 45-minute transaction times? How about year over year growth in profits, even during recessions? How many of us have 30+ year employees on our team?

These are only some of the dividends gained from creating a culture of trust.

The secret sauce at Long Lewis Ford in Birmingham, Ala. is trust. Poole, who serves as the general manager, started there as a salesperson in 1997, and is one of many employees who have been there more than 20 years.

Since 1996 they’ve had a one-price