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A useful Computer Feature - Calculate the Trade payoff

When it comes to dealership processes and computer utilization many things about the “good old days” were not so good

Yes, that is I in the picture. I have finally given in to numerous requests from my regular clients and readers to replace my “high school picture” with a more up-to-date one. Therefore, there it is, irrefutable evidence that time marches on. Please understand that it is not a problem for me as the bathroom mirror keeps me up-to-date with my “new” appearance every day. I just hope it is not too much of a shock for you. Nevertheless, as I look at the old picture, wax nostalgic, and ponder the “good old days” I cannot help but include in my ruminations the fact that when it comes to dealership processes and computer utilization many things about the “good old days” were not so good. For example, the first lease calculation I performed was on an adding machine. My desk was in the corner of the showroom and a number of times a day I performed the calculation, at the same time attempting to manage my sales staff, and keep an eye on the lot. Those of you who remember how to perform this calculation on an adding machine (first, you have my condolences on your advanced age) know that it requires concentration and takes time to complete. You just have to give up line of sight management for the time it takes to do the complete calculation and god-help you if you have to answer the phone in the middle of the calculation.

Anyway, I have two points here:

1. Today’s computer tools make all the calculations; purchase, lease or whatever a no-brainer.
2. Time moves on, today you would never allow your managers to waste their time performing these calculations on an adding machine.

Advancements in dealership utilization of processes and technology do not come naturally and if a snapshot of your dealerships, processes, and technology are starting to look a bit dated there has never been a better time make a change. If you do not know what to do, get help, after all implementing change is how us consultants justify our existence.

What does this have to do with calculating the payoff on a trade?

A great computer tool that I do not see used much anymore is the “calculate trade payoff” feature. These days, with trade equity issues sometimes determining how much vehicle the customer can

afford, having an idea of the trade payoff, as early in the process as possible is a wonderful advantage.

Please do not blame your F&I managers if they do not know about this little feature. I have not seen ADP or Reynolds + Reynolds documentation on it and it seems to be a well-kept secret. The thing is, especially with technology you don't know what you don't know.

The other thing about technology and state of the art business processes is that it is easy to fall behind. Everyone knows that technology is essential to this business. Dealerships are not technology companies. However, technology in your accounting office, sales, and service departments are essential to the operation of the dealership. Without proper utilization of this technology, productivity suffers. Simply stated, today, technology helps you maintain an edge over the competition and builds your future.

To compete in today's retail world, it is more important than it ever has been to keep up with technology and to get the most out of the technology you have. It is not enough to keep abreast of the emerging new technologies that the computer companies use as their merchandising push. You have to be sure everyone who works for you is using the "essential" technology that you provide to them.

OK, I know you are busy and your to-do-list is already full. Nevertheless, the thing is technology is a critical element of life today and totally unavoidable. It is already on your to-do-list. Please do not ignore it. I hope that taking a critical look at your dealership's processes and computer utilization will not be as shocking to you as my picture change. However, unless you take that look and perform the critical evaluations, you don't know what you don't know.

For ADP Users

I have never seen this documented, but it works great. Enter a "P" in the payoff field of the F&I trade-in screen and a payoff calculator window will open. Enter the monthly payment amount, the APR, number of payments made, and original term of the loan. The payoff will calculate and be displayed and will enter automatically in the payoff field of the trade-in screen in F&I.

Submitted by Jim Skeans of Jim Skeans Consulting Group LLC

For ARKONA Users

To run the payoff quote on ARKONA on any deal, with or without a trade, take the following steps:

1. From the main deal screen use function 46=Payoff Quote to display the Payoff Quote window.
2. Key in the original term, APR, and current payment for the loan on the trade vehicle.
3. Key in the number of payments they have made on their loan (not the number remaining), and press [ENTER] to compute the payoff amount. *Submitted by Jim Jensen Product Marketing Manager ARKONA, Inc.*

For ASI (Auto Soft International) Users

The latest update provides for calculating an estimated payoff with the addition of the button located next to the estimated payoff field on the trade screen. Simply click the button to access the payoff calculator. *Submitted by Charlie Prophet, Chief Operating Officer, AutoSoft International – ASI*

For Reynolds + Reynolds Users

I do not believe this one is in the manual but it is a wonderful little computer tool. At the command line on the 4770 deal worksheet, (thought it is not listed as a command) type “V”. An “Estimated Refunds” window will open. Regardless of the name, this is where you calculate the lien payoff. Enter the original term, remaining payments, monthly payment amount, original amount financed, and the APR. The estimated payoff amount will display at the bottom of the screen. *Submitted by Jim Skeans of Jim Skeans Consulting Group LLC*

Jim Skeans is the president of Jim Skeans Consulting Group LLC and has been in the automobile business for more than 35 years. Jim is a former senior consultant for an international automotive consulting group and has served in all of the traditional dealership management and staff positions as well as director position with a large national dealership group.