

# F&I and Showroom

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- ▶ **3 REASONS YOU CAN'T BE AN F&I MANAGER**
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- ▶ **ARBITRATION WORKS ON TWO LEVELS**

## WE GET THE JOB DONE

Continental Auto Group's Marten Martensen no longer employs F&I managers, but his Alaska dealerships are still selling products and growing profits

# LAW SCHOOL vs. F&I: AN OBJECTIVE ANALYSIS

Would you rather be 10 years into a career in a law firm or a dealership? Both paths lead to a six-figure income, but only one can make you a young millionaire.

BY LLOYD TRUSHEL

**R**ecently, I found myself making an unusual comparison with a surprising outcome. My daughter had graduated high school and she was trying to decide her path in life. She wanted to do something “responsible” that she has a “passion” for, but she wasn’t sure what that was.

I shared with her that most of us “old people” hadn’t figured out who we were at 18, much less what we wanted to do for the rest of our lives.

So we discussed various colleges and subjects, and I encouraged her to consider a path that would lead to law school. But she was not enthusiastic about becoming a lawyer. And she knows that having a degree does not always equal a quality paycheck.

Over the years, when I would collect applications for positions at our company, I’d allow her to sit with me and we would discuss the résumés. Often, we would see people with college degrees applying for data entry positions, working completely outside the fields they spent years in college to prepare for.

Also, she regularly meets highly educated people working at Starbucks, which will send any sane person to the nearest calculator. One barista, Patrick, has a degree in political science, but too much student debt and cost of

living expenses to accept an internship in his field.

At that point, our conversation turned from the law to another career path: F&I. Making this comparison may seem odd at first, but the results prove it’s worthwhile.

## TOO MANY LAWYERS

We considered the pros and cons of working in both professions. Then we took a hard look at the data. Here’s what we found:

- **It’s a grind.** Both jobs require considerable attention to detail, world-class persuasion, high-level communication skills, long hours, and relentless dedication to a job that always comes home with you. A single F&I manager will usually prepare more contracts each week than most law firms do in an entire month. In short, it’s a grind either way.

- **That will cost you.** Obtaining a degree from an ABA-accredited law school is not cheap. Over the last 25 years, law school tuition has consistently risen twice as fast as inflation. According to CNBC, the average annual tuition and fees at private law schools in the 2018–’19 academic year was \$49,095.

Add four years in undergrad at \$10,000-plus each, and a young lawyer

could easily be over \$300,000 in student loan debt.

- **It will be a while.** Realistically, the career path for many lawyers includes being in debt for the majority of their adult life — not only from student loans. They spent the first seven years of their adulthood in school, not likely earning any real money.

Don’t forget to tack on the additional pressure to “look” successful once they enter the workforce by going deeper in debt on a new house, car, and wardrobe.

- **We’re not hiring.** Then there is another problem. Currently there are too many lawyers. This is causing a glut in the system, and it is driving down wages. According to the National Association for Law Placement, in 2017, the median salary for a new attorney was \$67,000 for women and \$70,000 for men.

So, at 30, three years out of law school, you can reasonably expect to owe more than \$300,000 in student loan debt and still be earning well under \$100,000 a year.

To further complicate the matter, a young attorney cannot expect to simply go into private practice and dictate their own income. The marketing, healthcare, and operational expenses are simply too much without a stable client base.



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So instead they work for someone with hopes that someday they'll make partner. In their 40s, as they reach the end of much of their debt load, the opportunity to make partner may appear, but at a cost. To become partner, they have to "buy in" to the firm, and the debt cycle continues.

For most lawyers, financial freedom typically doesn't occur until they are in their 60s.

### CONTRAST WITH F&I

Turning to F&I, we wondered what my daughter could earn by selling cars out of high school. According to NADA Data, the average salesperson's compensation is \$67,846. Average F&I compensation is \$132,786.

Assuming a four-year tenure in sales followed by six years in F&I, total earnings would be about \$1 million — with zero student loan debt.

I believe there is an unwarranted degree of negativity associated with working in a dealership, which distorts the evaluation of the actual opportunity. If I could snap my fingers and make someone either a 10-year finance manager or lawyer, the perception is that a lawyer would be the better option. But is it?

I suppose that comes down to your specific career goals, but I believe there

is some merit in making the money early in your career and investing in yourself.

### SO WHAT IS SHE GOING TO DO?

Ultimately, my daughter decided her real passion is in the fashion industry.

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try. She wants to design her own line of clothing someday. She knows most fashion brands require substantial capital, industry connections, and many years of hard work before they see any significant return on investment. So she has decided to enter the automotive industry.

Unlike many millennials, this decision will allow her to support herself and be debt-free, all while funding her new entrepreneurial effort. I have no doubt that the skills she will gain in our industry, like communication and negotiation, will be useful to her later.

Essentially, the car business will allow her to accrue funds she can invest in her future.

It is of paramount importance to remember that an education and a degree are not the same thing. Degree seekers see "having that piece of paper" as a gateway to a higher income. In reality, without an actual education and opportunities in your chosen field, it could also be a useless expense.

I need to clarify that I don't believe skipping college and joining the car business is a substitute for earning a degree. Nor would I advise anyone to ignore their education. That said, we shouldn't automatically value a degree beyond its actual advantage.

In short, regardless of your professional path, I would just encourage you to be a student of life. ■

### ABOUT THE AUTHOR

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