



## **Electronic Menus: Compliance and Profit Are Not Mutually Exclusive**

In the past few months an alarming number of dealers have suffered repeated hits to the bottom line. Declining domestic sales, high inventories and rising interest rates have all played a role in pushing profits down. The end result: a well performing F&I Department is no longer just a good idea, it is critical to turning a profit.

Unfortunately the F&I Department has become the double edged sword of the automotive world "great opportunity on one side; litigation target on the other. Dealers invest millions of dollars in a franchise and rightfully expect a return on their investment and F&I is one of the remaining places where they can realize that return. Yet In today's world, it's almost considered a crime to make a profit on dealer financing and F&I product sales have become the target du jour for Plaintiff's attorneys. It doesn't have to be that way. The F&I office can and should be a legitimate income source for the dealership as well as a benefit to the consumer.

It is this balancing act between Dealer profit and safeguarding consumer rights that is the domain of the electronic menu.

An electronic menu, through speed, accuracy and compliance, guides the F&I office forward efficiently towards a profit. The better electronic menus available afford dealerships the disclosure and best practices that they need all while producing marked increases in Per Unit Profit. And should in fact some greedy Plaintiff's attorney come along, these higher end menus also provide the evidence that the Dealer needs to effectively prove that they did no wrong long before hitting the Courthouse steps.

### **Consistency is Key:**

In today's litigious environment, consistent selling in F&I is vital, regardless of who delivers the car. All too frequently a product is misrepresented by an F&I Manager or Sales Manager. With the large number of products and services now offered in F&I, it is a major challenge to enforce a consistent sales pitch in the F&I office, particularly with multiple franchises and pressure from product providers to position their products a certain way. The best electronic menus, when set up properly by non-Dealership personnel, provide a consistent method of disclosure, product message and selling process.

Additionally, in most dealerships, like most sports teams, you cannot field a team of all "A" players. Technology used correctly can raise the level of all of the people in your organization, while simultaneously providing increased profitability and compliance. As in life though, there is no silver bullet "electronic menus do not work alone, and a trained F&I Professional, be they an "A", "B" or even "C" player, is still a vital part of the equation. To that end, be sure to select a vendor who offers training as part of the package. On-site is preferable and make sure that there is an on-going element to deal with turnover.

### **A Natural Evolution**

Menu selling began as an effective means of selling more F&I Products. Initially paper menus sufficed. They proved so successful that Product Providers actually came out with their own Excel based menus "a step up in efficiency". Then came a few lawsuits, and we saw the creation of the electronic menu which allowed for an inalterable electronic record of what actually transpired in the F&I Office. For those of you who feel protected by a paper menu that has scribbling all over it, you should be very afraid. If a document could be perceived so as to tend to confuse or mislead a Consumer, it is potentially ripe for a false and deceptive trade practices claim. And for what? Why play games when it is a proven fact that a Dealer will increase his product penetrations and profits by correctly using an electronic menu for each and every vehicle transaction.

The bottom line is that Dealers are business people. As in all business, there is risk and reward. Dealers deserve to make a profit and can through the use of electronic menus. They pay for themselves. The additional benefit is that they provide dealers with a "free" insurance policy for compliance to minimize the risk. Maybe that is as close to a silver bullet as you get "a way to increase per unit profit and ensure compliance at no additional cost". If you don't have an electronic menu today, you could potentially be losing out twice.

Article by **Robert Steenbergh** can be found at:

<http://drivingsales.com/blog/menuvantage/2008/04/25/electronic-menus-compliance-and-profit-are-not-mutually-exclusive/>