

## It's All In The Details: Better F&I Data Capturing Increases Profits

Written by Mike Esposito  
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Dealerships continue to be challenged by a market that is trending downward. It has already been a difficult sales year for a lot of dealers and not much is expected to change over the next several months. In response, OEMs are offering increased new car incentives, dealers are pumping more marketing dollars into used vehicles sales, and F&I departments are working hard to maximize product package margins.

Many dealerships are finding it more and more difficult to accurately track and analyze the financial impact of all these rebates, incentives, warranties, and accessories for each vehicle sold. Usually, there are only one or two fields of data in an F&I system in which this kind of information can be entered. As a result, most of these categories end up with lump sum figures that provide limited insight into how F&I sales influence the bottom line. Pricing breakouts have to be done manually by the F&I manager, who then passes the information on to the office manager.

Not only is this process inefficient, it makes it more likely that the information will be misplaced or altered in some way. At the very least, it lengthens the amount of time it takes for the manufacturer to reimburse the dealer- and the problem worsens the more F&I products a dealership offers.

For example, one of the jobs of the F&I manager is to ensure that the dealership receives the appropriate manufacturer rebate for the vehicle. In order to get this rebate, the manager needs to enter the right rebate code for the car sold into the dealership communication system. What the manager sees in the system is a total rebate amount. That rebate figure, however, could be comprised of a standard rebate plus a student rebate, or first-time buyer rebate and alternative fuel rebate. Unless this information is provided manually, there is not enough of a breakdown of costs to quickly and easily determine what that dollar amount reflects or what code should be used.

The lack of detailed F&I data also hinders the ability of management to view overall impact of F&I sales on profits, because the information is not delineated, they cannot see patterns or trends, so they never know how each item affects margins. Without this information the dealership does not know if it is making or losing money, what they should be selling more or less of, etc.

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It is vital that F&I systems catch up with current market conditions. The more details and information a dealership has to work with the easier it will be to navigate through these tough times. An ideal F&I system would have multiple choices in accessory, warranty, service, maintenance, OEM incentives, and other fields so that detailed data could be provided for each sale. It would also give users the ability to create their own fields.

Providing more places for detailed information to be entered into an F&I system would eliminate the need to manually track every item associated with a deal. It would improve reporting capabilities, make the accounting more accurate, and increase overall efficiency. Dealers would also be able to see how their F&I sales are affecting profits and make better, more informed decisions regarding their inventory, marketing, and sales strategies.

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