

WORLD OF **\$pecial** **Finance** MAGAZINE

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Editor's Note...



Mike Sly

Maximize with Menu Selling

As I talk to dealers throughout Canada, I hear the same issues facing dealers in all of North America. Dealers' margins are being pinched resulting in lower profits. When this takes place something has to happen. You can sit and have self pity or you can do something about it. The successful dealers look for alternative ways to supplement the loss. The domino effect is on the used car side of things. For years the high margins in the used car department carried many dealerships. With competition, sluggish sales, and constant overhead, dealers are looking to capitalize on alternative profit centres.

I am not stating anything new here (maybe for some), but just stating the facts. There are dealers who could start making a concerted effort to incorporate more back-end products. I could write a book on all the aftermarket products that are not being welcomed with open arms. Take a look around! Do you think these aftermarket companies advertise because they like to spend money? Let's be real. They want to help you (the dealer) to maximize on the back end of each transaction. Okay, they want to make money too. Who doesn't? As I have mentioned in a previous issue, we are all in this together.

This brings me to an approach that is being used in many areas around the country – menu selling. Basically, offering the

customer an array of options that they feel best fit their situation with no pressure or confrontation. When you (managers) are wrapping up the deal, take the time and provide each customer with selection. You may have either participated in or heard of setting up a customer's payment automatically with the disability and extended warranty, but this has become a thing of the past. Give your customer options and let them pick the ones that best fit their needs. This should not only increase your dealership's CSI, but keep you out of hot water.

For those of you who haven't capitalized on the products available, start now! Start by simply looking through the *World of Special Finance Magazine – Canada*. Talk with the various vendors and finance companies that are trying to earn your business every day.

Maximize each opportunity!



Michael G. Sly
Executive Editor

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DON'T FOOL YOURSELF!



by Darren P. Caputo

I can't believe how many times I have heard a special finance manager or director say that using a menu on a secondary customer is worthless. They have just spent hours or days rehashing trying to get the deal hung. They feel that all the time they spent deserves a little life/accident and health and a vehicle service agreement because they got the bank to say, "ok."

The scenario works the same every time: The business manager or closer says, "This is your payment," "This is your rate," "This is your term," "Great news, the bank will allow you to have payment protection and a warranty," "This is what I worked out for you," "I need your initials and your signature right here" and "By the way, congratulations!"

In today's market, it cannot and does not work that way anymore. The old days of telling them this is what they can have and nothing else becomes a compliance issue. The word that has to be used is choice. They have to have the opportunity to choose or decline a product. Without offering a choice, you put yourself and the dealer at risk.

In all fairness, rehashing does take a lot of time. Your time is worth money, but you have to legalize and protect your department. There is a solution that not only allows a choice to be made, but also allows a track record of the events chronologically that can be followed by any lawyer or jury. Use a menu.

If your department is not already using a menu, it should. Menu selling is an effective and compliant way of offering all products to every customer every time. It is a non-confrontational way of introduction. To simply sell without selling, is a great way to maximize profitability and be compliant at the same time.

The menu is both your friend and foe. Beware not to stereotype your customer. You have to visualize a full menu sale in each customer you close. The finance companies may not allow some or all of your products, but it is your responsibility to convince your customer to see the need and value of the products. Let the bank ultimately make that decision. Sell the bank on why your customer needs them.

If you are conditioned by the lender you need to present the menu along with the additional monies needed to achieve that

payment. But remember to present all the products, to all the customers, all the time. It's called the 300 percent rule and it will lead to much higher profits in your department.

The menu, if used correctly, can and will be your best tool so follow these tips:

- 1) Do not blindly present the menu without doing your own needs survey
 - a) Find their hot buttons through a needs assessment
 - b) Use gain vs. loss equation interview
- 2) Always visualize a full menu sale with all the products
 - a) Always ask for all the money
 - b) Always ask for all the product
 - c) Always ask for more money down
- 3) Structure the deal according to the bank's parameters and best case scenarios
 - a) Know your maximum advance
 - b) Know your maximum back end
 - c) Know if you can extend the terms
 - d) Always keep in mind your bank fee for term extensions (if applicable)
- 4) Always keep in mind CSI/SSI
 - a) Reduces charge backs
 - b) Increases penetration
 - c) Increases repeat business
 - d) Increases referral volume potential

Years ago, we were taught to peel our customers off the ceiling in order to condition them to the higher payment. Profits were steady, CSI was down and some feelings of apprehension were created in the customer's mind about what happened in the finance office. We became the bad guys because we were going to sell you stuff. That, coupled with a few bad seeds using deceptive and illegal practices, may have spoiled the names of franchises and departments. We now have to strive to change perceptions and take a less confrontational and more tactical and legal approach of increasing profitability for the dealership and ourselves.

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