



ZURICH®

# How to maximize F&I profit and maintain compliance

Despite improving car sales, automobile dealerships should not overlook the potential revenue their F&I departments can add to the business.

“Faced with dismal car sales during the economic downturn, many successful car dealerships focused on selling their F&I products to generate business income,” said Greg Burl, National Finance and Insurance Executive for Zurich in North America. “Even in good times, though, F&I products shouldn’t be an afterthought. When marketed properly, they can really maximize profit.”

However, maximizing profit and maintaining compliance in the F&I department often means investing in quality training and fostering cooperation among the sales force and the F&I team. Understanding the customers’ needs and recommending the appropriate products that meet their needs are key to effective selling, said Marie Knight, Regional Finance and Insurance Manager for Zurich in North America.

“Explaining how the value of a product exceeds its cost is crucial to effective sales and maximizing profit,” Knight said. “That is why training the team to better understand the costs and benefits of each available product, as well as to interview customers about their driving habits and needs, is so important.”

## The road to improved performance

According to an informal *F&I and Showroom Magazine* survey of 800 readers, respondents said their auto dealerships on average sold just above two F&I products per deal during the first three quarters of 2011. The average F&I profit was \$804 per new vehicle; \$883 per used vehicle; or \$843 overall.

In a completely unrelated Zurich survey, however—whereby the auto dealerships surveyed had provided substantial F&I training to their employees—the profits were higher. Zurich’s Top Tier Elite Performance™ Accounts generated \$1,208 in profit per vehicle on average from F&I sales.

“Training does make a difference,” Knight said. “Whether it’s in the form of increased profits, improved compliance, or enhanced customer service, F&I sales training can help auto dealerships and their F&I departments perform better.”

Typically independent consultants and insurance companies offer F&I training, Knight said. Starling Chevrolet and Cadillac, which has three dealerships in Central Florida, invested in the F&I training Zurich offers. Jack Starling, executive manager of the Starling dealership in Deland, Florida, said his company has overwhelmingly benefitted from F&I training.

Since enrolling all three dealerships’ general managers and F&I managers in once-a-month training in early 2011, the company has seen improved F&I profits and compliance processes, in particular, he said.

“We have put a lot of focus and attention on this area,” Starling said. “It’s an important part of the business. If we can help our customers make good decisions and protect their investments, then they will come back and do business with us again.”

### Typical F&I products offered by auto dealerships

- Vehicle Service Contract
- Guaranteed Auto Protection
- Theft Deterrent Program
- Environmental Protection Plans
- Tire and Wheel Protection
- Maintenance Program

## Training day

To help customers make good decisions and protect their investments, Burl said it's important that F&I training focus on the following areas:

- Basic and advanced selling skills
- Interviewing techniques to help gauge which products might best suit a customer's needs
- Selling the benefits of each product
- Cash, credit union and bank conversions
- Objection handling techniques
- Increasing F&I profits outside of the F&I office
- Generating F&I profits through non-standard finance customers

"Being well-versed in or knowledgeable about each of these areas can often build confidence among the F&I and sales teams, as well as consumer confidence in the dealership," he said.

Starling said training has also helped the F&I team and sales force to work together more effectively, and has even spurred more cooperation and interaction among the three different dealerships.

"Coming together on a regular basis has allowed us to learn from each other," he said. "Everyone has something to bring to the table, and we've been able to pool our resources and talent to improve our overall business."

Knight said the benefits of implementing a standardized selling process and adequately training staff go far beyond increased profit and improved compliance.

"Such actions also improve customer satisfaction because customers receive in-depth explanations of only the products they have agreed fit their needs; they reduce chargebacks by giving customers a more complete understanding of what they purchase; and they increase efficiency by streamlining the sales process and decreasing the customer's time in the F&I office," Knight said.

## Driving results

The payoff from investing in training can be realized quickly, Starling said. Within two months of beginning training, he said the average profit per deal at the three different dealerships increased between \$200 and \$250.

Overall, he said the average profit per deal has jumped from \$765 to \$961. Further, the dealerships have increased the number of products they sell on average. However, Starling said it's harder to quantify an average increase across all three locations.

"Before investing in training, I felt like we were underperforming in the F&I business," he said.

"Now we're selling more products, our profits have increased and I couldn't be more satisfied with the results."

Beyond profits, Starling said F&I training also addressed compliance issues—creating greater awareness among the team about standardized practices and policies that must be followed in order to avoid penalties or violations for actions like discrimination and false advertising.

"Compliance has always been important to our company," Starling said. "But it's complicated and it's always changing . . . Zurich's sales training has helped us protect our assets by ensuring full disclosure of F&I products."

In conclusion, Knight said any business and its employees can benefit from training, education and practice—and the automobile F&I industry is no exception.

“It’s smart business to provide your employees with the tools and training they need to do their jobs most effectively,” Knight said. “They can consistently achieve results—maximizing profit and remaining compliant, so your dealership can be financially viable and its assets are protected.”

**To find out more about Zurich’s Streamlined Selling System® or F&I training seminars, visit [www.zurichna.com/automotive](http://www.zurichna.com/automotive).**

Zurich  
7045 College Boulevard, Overland Park, Kansas 66211-1523  
800 840 8842 ext. 7449 [www.zurichna.com/automotive](http://www.zurichna.com/automotive)

This is intended as a general description of certain types of products and services available to qualified customers through the companies of Zurich in North America, provided solely for informational purposes. Nothing herein should be construed as a solicitation, offer, advice, recommendation, or any other service with regard to any type of product made available by individual member companies of Zurich in North America, including but not limited to, Universal Underwriters Service Corporation.

©2012 Zurich American Insurance Company

