

# How to Avoid an F&I Pitfall

## *Overcoming the Interest Rate Objection*



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**W**hen you commit to operating a professional F&I Department, you are committing to a new profit center that must be given every opportunity to succeed. Consequently, this commitment may require some re-training of your sales staff. If you fail to educate your salespeople on proper F&I etiquette, you are setting up your new profit center for failure.

Your salespeople are not F&I professionals, but for some reason they may feel compelled to talk about interest rates and payments with the customer. This practice can present a huge pitfall for your F&I Department when it comes to earning the trust of your customers and making your dealership the highest possible profits. Salespeople should also understand that they can actually cause themselves to lose sales by quoting rates and payments. Salespeople should NEVER quote payments or rates to customers. When a salesperson begins a discussion of rates and payments, he or she is suddenly focused on selling financing and moves off the goal of selling the boat. The salesperson must sell the boat first. I can't tell you how many times I've seen dealerships lose the trust of their customers because a salesperson writes a payment on the purchase agreement, and that payment is impossible to obtain.

Salespeople can get themselves out of the rate and payment trick back by writing up all deals "Subject to comfortable financing." It is much easier for the F&I Department to move a customer up in payment after that customer has gone home and told his friends that he bought a new boat. Never forget that it is unusual for a customer to be approved for the very longest term and the very best interest rate. Keep your dealership out of trouble... DO NOT allow your sales staff to quote anything other than payment and rate ranges, and never allow someone from your dealership to write a payment on the Purchase Agreement. The Purchase Agreement constitutes a promise between your dealership and the customer, and you should never make a promise you can't keep. A sales professional's area of expertise is boat sales, so he or she should concentrate on committing the customer to the boat. A salesperson has control over the selling process, but he or she does not have control over the condition of the customer's credit profile. The sale of financing and finance products must be left in the hands of the experts who run your F&I Department.

When a customer asks, "How much will my payments be?" Or... "What is the interest rate?" A salesperson can respond to the question with the following replies:

"At this point I really don't know. First, let's determine what type of package best fits your wants and needs. After that, we will work with our Finance Department to be sure that your new boat fits into your budget. What kind of monthly payment are you hoping for? If we could find a boat you love and keep it within your payment range, could I earn your business today?"

"There are many factors involved in determining your payment or interest rate... the price of the boat package, your trade-in, the terms of the loan, your credit history, and your down payment. Our Finance Department will go over all of that with you. Our Finance Department does business with the nation's most competitive marine lenders, so we can put together a few different packages for you and let you pick the one you like best. If we can make you happy with the boat and your financing, can I earn your business today?"



“I don’t want to make a mistake on something as important as your payments. I can assure you that our Finance Department will structure a finance plan with payments that you can afford. If we can make you feel comfortable with your choice of boat and your financing, can I earn your business today?”

A payment estimate chart can be helpful for salespeople. Ask your F&I Manager to create a chart of payment ranges for your salespeople. This type of chart can help keep your salespeople out of trouble and still give the customer an idea of how much his or her monthly boat payment may be.

Customers don’t really know why, but they sometimes feel the need to ask about the interest rate for their loans. What customers fail to realize is that the interest rate for a boat loan will not likely affect their monthly payments more than a few dollars. Salespeople must help their customers understand that when it comes to buying a boat, the interest rate is really a non-issue. The best thing for you and your sales staff to keep in mind is that your customers WANT to buy the boat of their dreams, and if your F&I Department can make the monthly payment affordable for the customer, the customer WILL buy from your dealership.

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