

“Dealers Are Boasting About Outsourcing”

by: Lisa Gladstone, Priority One Financial Services

RV dealers across the United States are discovering that F&I outsourcing can be an important component of their success. Dealers are thrilled by the potential for high profitability from F&I without the expense. Outsourcing provides dealers with all the benefits of an in-house F&I department minus the costly overhead associated with a full-time finance manager. Once a dealer decides to utilize an outsource company, the process works exactly like an internal operation. A salesperson obtains a completed credit application from a customer and turns it over to the F&I manager, or in this case, the outsource company. The outsource company finds the best lender for the customer, up-sells the rate, sells the customer products such as service contracts and credit insurance and sends the completed loan package to the dealer.

Dealers will find that there are many unexpected advantages to utilizing an F&I outsource company to build their profits. Using an outsource company ensures that a team of professionals are always available for your customers and that you have a partner who is committed to growing your F&I profits. Many RV dealers have only one person in-house serving as the F&I manager. When this person is sick or on vacation, the dealership's F&I may be left to someone who is not qualified or completely neglected. Another advantage to using an outsource company is that they provide lenders with such a large volume of business, that competitive rates and prompt turnaround on applications is customary. Volume also enables outsource companies to forge strong relationships with their lending contacts. These relationships help outsource companies obtain better rates and faster responses than a single F&I manager at an average dealership could. This all translates into increased deliveries for your dealership. You'll also benefit from satisfied lenders by using an outsource company. Lenders enjoy working with outsource companies because it simplifies their communication by allowing them to keep track of numerous deals at numerous dealerships with just one point of contact.

If you're considering the addition of another full-time F&I employee, or your dealership has multiple locations that require numerous F&I managers, an F&I outsource company offers you a sensible alternative. Signing up with an outsource company saves you the expense of salaries and benefits for F&I professionals. Outsource companies earn their money by receiving a portion of the F&I profits they generate for your dealership, so they are highly motivated to get your deals approved, closed, and funded. The bottom line is, the outsource company earns nothing unless you deliver the RV. In the marine industry, where F&I outsourcing has been common for nearly 20 years, dealers will tell you they earn more F&I profit by working with an outsource company than they did by handling F&I themselves. The increased profit comes from increased deliveries for all of the reasons I mentioned above.

Just to recap: an F&I outsource company gives you total access to trained professionals, saves you costly overhead, and gives your dealership numerous advantages that an in-house program simply cannot. Working with the right F&I outsource company can add up to 50 percent more loan approvals and 25 percent more deliveries thanks to greater financing leverage and stronger lender relationships. Also, keep in mind that you are responsible for paying an in-house F&I manager throughout the year – during slow seasons and vacation time. An outsource company keeps a dedicated team of F&I professionals focused on your dealership's success year round. Additionally, it is common that within a dealership, the sales manager also serves as the finance manager and this dual role can sometimes mean lost sales on top of lost finance profit simply because a complete focus on finance by a trained professional is not possible. Furthermore, the successful funding of a deal is more likely to occur if it is initially structured properly by an outsource professional and the “shotgun” method, that yields fewer approvals, is avoided. Finally, an F&I outsource company is paid solely on its performance, so there's great motivation to ensure that your sales deliver. RV dealers are truly excited by the concept of F&I in their industry. Evolution is in the air!

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