

You can't manage what you don't measure

Tracking the Success of Your F&I Professionals



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If someone asked you approximately how much your dealership generated in sales last year, you could probably come up with a figure off the top of your head. If someone asked you how much your F&I professionals earned for your dealership last year, could you answer the question as easily? Monitoring the profits and performance of your F&I professionals is just as important to your dealership's overall success as monitoring the performance of your sales, service, and parts departments.

F&I journals will enable you to easily track F&I performance.

These journals will help you identify:

1. How effectively your sales staff is turning over customers to the F&I professionals.
2. How effectively your F&I professionals are converting cash customers to financing.
3. How much profit your F&I professionals are generating from finance reserves.
4. How well your F&I professionals are selling extended service contracts and credit insurance.
5. How much average profit per deal that your F&I professionals are generating.

Your journals should record ALL deals, not just those that make it to your F&I professionals. This will help you calculate what percentage of your deals are cash vs. finance. You should also track the number of outside liens that your dealership places. Outside liens represent the amount of finance business that you are losing to lenders that are not affiliated with your dealership. An F&I journal also breaks down your profit on each deal by reserve, service contract sales, and credit insurance sales. At the end of each month, total the columns on the log and calculate all percentages. Journals enable you to track your F&I performance on a monthly and yearly basis.

What will tracking your F&I professionals' performance accomplish? Lots of things. First of all, it will show you the strengths and weaknesses of not only your F&I professionals, but also of your sales department. Your salespeople play a crucial role in your F&I profitability. If salespeople fail to turn their customers over to your F&I professionals, it is impossible for your dealership to make money from financing. Journals will help you determine which salespeople do the best job of turning their customers over to the F&I professionals. Journals will also tell you which salespeople make strong pitches for extended service contracts before the F&I professionals go to work. You can use these numbers to decide which salespeople might need a little extra encouragement or training.

Maybe your F&I professionals need improvement in certain areas. Maybe their service contract penetration has dropped. Maybe they aren't generating as much money from reserves as they used to. Watching the numbers closely will enable you to re-direct these downward trends quickly before they become too costly.

F&I journals will tell you how well your lenders are serving you. You can easily see which lender is funding more of your deals. If you see discouraging trends, your F&I professionals can discuss them with the lenders and take actions to reverse the situation.



Monitoring F&I performance also helps you plan financially for the upcoming year. Annual budgeting becomes much easier when you know that you can count on F&I for a certain percentage of your overall yearly profit. The same applies to monthly budgeting.

Goal setting improves. You can show your F&I professionals exactly how they performed in each month of the previous year and set their goals for improvement in the year ahead. These numbers also give you a solid basis for setting bonus incentives and commission structures. As business reporter John Case once wrote, "What gets measured gets done." Giving your staff clear goals and the numbers that correspond to those goals will help your staff surpass them.

I hope this information demonstrates that if you aren't already breaking out your F&I profits from your sales and service profits, you need to. Journals will enable you to do that. Journals help you see early trends in your F&I professionals' service contract penetration, per deal averages, lender participation, etc. It's just like steering your boat. If you see that you're shifting off course, you can make the necessary adjustments before it's too late. And if you fail to ever measure the results of your F&I professionals... Well, that's as reckless as heading out to sea without charting a course at all. You never know when you could run aground.

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