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Dealer group drops downtown location

Craig Lanoue (left) and Tom Mayhew

BY DREW SINGER

WINDSOR, ONT. – After a decade in the Rafih Auto Group stable, Pinnacle Chrysler has changed hands, changed names and bucked a trend.

Now dubbed Motor City Chrysler, the rooftop is owned by Tom Mayhew and Craig Lanoue. The pair finalized the purchase of the dealership and real estate in October. The adjacent property was also included in the sale.

The two independents each already own a dealership in the Tilbury Auto Mall, in the small town of Tilbury, roughly

50 km to the east.

And while they certainly don't think they are reversing a trend, the sale of a store *from* a dealer group rather than *by* a dealer group certainly marks an unusual reversal of what the dealer industry has been experiencing for years.

According to Tony Faria of the University of Windsor, dealer consolidation has been the norm for some time.

Buying power, volume and economies of scale have helped dealer groups like AutoCanada, Dilawri, Steele and others easily make attractive business cases for purchase of single point dealerships.

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BHPH: To cut repos and charge-offs, you have to spot the 'credit criminals'

BY MARK DUBOIS

If you are in the Buy Here, Pay Here (BHPH) or Lease Here, Pay Here (LPHH) business, then you already know that repossessions and charge-offs are a fact of life in the special finance business.

The target audiences for a BHPH business are customers who have poor credit, customers who have no credit, customers who are trying to rebuild their credit or customers who are on a fixed income.

The reason for their credit circumstances could be the result of a job loss, a recent divorce, a business failure, or they are new to the country. These are not bad people; they are just people who need help to rebuild their credit worthiness.

One common mistake made by dealers is thinking the BHPH business targets the worst possible credit-worthy customers, sometimes called "credit criminals." This is clearly not the case.

One of the keys to success in BHPH is being able to tell the criminals from the people who have a genuine intention to repay their car loan and re-establish their credit.

Recognizing the difference is accomplished by sound underwriting and thorough verification of important information on the customer's loan application. Having noted that, a dealer in the BHPH business must still have an appetite for risk and a tolerance for loss within in their loan portfolio.

Successful BHPH dealers understand they are in the

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LGM launches national F&I training program

3-day course stresses MBP-first, customer centric sales approach

BY JACKSON HAYES

On a brisk November morning, five business managers sit somewhat anxiously in LGM's Oakville, Ont. office waiting for class to begin.

The students, all women and all from Greater Toronto Area dealerships, have a varying degree of experience selling F&I. Some have been at it for years; one has yet to sell a single product.

The most obvious thing they have in common is a growing discomfort knowing they will be videotaped giving their best F&I sales pitch. That tape will then be replayed, scrutinized and analyzed for strengths and weaknesses.

It doesn't seem to be the critique they are worried about, though. The anxiety rests on the fact they will be videotaped at all.

"You'll get over it," LGM trainer David Wilke, who is running this particular class, explains with a smile.

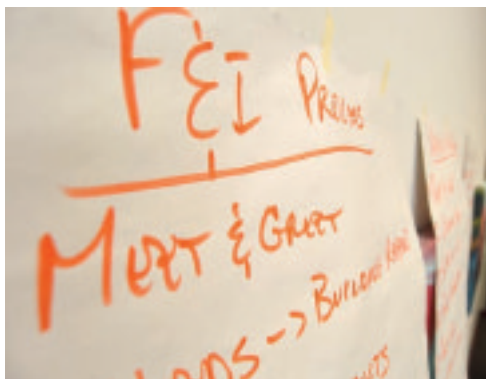
"You will hate it, but it will make all of you more confident and better at your jobs."

This is one of the first sessions of LGM's newest national training program dubbed PowerTrain. LGM partnered with The Warranty Group out of the U.S. to help develop a curriculum he assures has been "totally Canadianized" and made fully bilingual.

Certain legal procedural requirements that don't apply in Canada have been removed. LGM products have been inserted with "reason and justification," the company said.

The first class was held in October and there are plans for at least 20 across the country in the first year. The format will be the same regardless of the location: small groups of six to 12 business managers learning the very basics of the F&I sales pitch according to LGM.

The program's main focus is a mechanical breakdown protection-first sales pitch with an overall customer-centric presentation. The vision, repeated many times throughout the morning, stresses an interactive sales interview that offers products to fit the customer's driving



The F&I Process

LGM trainer David Wilke preaches a 10 step F&I process that every business manager should follow.

- Meet and Greet
- Needs Assessment
- Related Needs to the Products Offered
- Finance Intentions
- Credit Application
- Mechanical Breakdown Protection First
- Offer All Other Products
- Submit Credit Application
- Complete Paperwork
- Close the Deal

habits and life cycles.

For LGM, white label provider of mechanical breakdown protection packages for Kia, VW and Audi in Canada, the motivation is obvious.

"It's the best product for the customer, dealer and the financial services manager. It makes the most sense. For the customer, it's the product they're likely to use and trust," he tells the class.

The first day includes brief introductions and a review of the program outline.

He takes the group through a series of whiteboard sessions outlining the vehicle sales process, standard meet and greet steps and problems and solutions for the business office.

"What type of turnover process do you have in your store?" he questions the group. "Is there any process at all?"

He urges the group to initiate the conversation with the customer and not to let the salesperson "blow it" for them.

Wilke, who calls MBP products "customer funded loyalty programs," said dealers should know the facts before coming down hard on their business managers.

While a penetration rate of 40 per cent is low for a domestic make, anything in the 30- to 40 per cent range for an import is high.

Most customers will compare cost and value when considering protection products, he says. The key to increasing penetration is understanding the factors affected cost and value like necessity, pride, quality, emotion, price and the sway of influencers.

If F&I success is graded on a bell curve, roughly 15 to 20 per cent of customers are automatic nos, 60 to 70 per cent are maybes and 15 to 20 per cent are automatic yeses.

Wilke says to celebrate the laydowns, forget the nos and focus on the middle.

"That's the customer you want to turn. That's the customer we're going to learn about."

PowerTrain is full of small tips that add up to complete

presentations and processes. Examples include avoiding questions with yes or no answers and negative terms. Try to minimize worry, he says, by saying “twenty-five nine” instead of “twenty-five thousand, nine hundred dollars” when talking about the price of the new car. At the same time, build value by adding the words *thousands* and *dollars* when discussing the value of a trade-in.

With just a few classes under his belt with LGM, he says the feedback has been positive thus far.

“I think people are used to mediocre response in the automotive training space. The MBP-first and customer centric approach is almost like a breath of fresh air. I think a lot of attendees expect to be browbeaten and sent back to their dealership where the dealer will expect \$400 more a car overnight. That’s not the expectation we set and it’s not what we talk about.”

Once complete, attendees will be given a score from a multi-page report card. An LGM road manager will then go to the dealership and go over the report card with the dealer.

“We also keep an internal matrix that measures penetration rates following the class because measuring the students’ performance is really a measurement of the program. If we find deficiencies, we can learn so we can coach our gap,” he says.

“It’s a journey. Three days will not make anyone an expert. But going in with the ability to score and analyze, I don’t know anyone else that does that.”

LGM’s PowerTrain program costs \$995.

For more information, contact David Wilke at david.wilke@lgm.ca

Wordplay for the Wise

Helping set the scene for solid F&I penetration has a physiological and subliminal element. Try some of these clever techniques to keep the mindset positive and the profit bountiful.

- When asking how long the customer will drive the car, don’t give them the chance to say, “I don’t know.” Give them a range: “Some of our customers finance their vehicles over three to five years while others are in the six to eight year range. Will you be closer to five or closer to eight?”

- Minimize the physiological impact of the purchase price by saying just the numbers and not words like dollars and thousands. Say forty-three five, *not* forty-three thousand, five hundred dollars.

- Maximize the value of any trade by using words like *dollars* and *thousands*.

- Provide time expectations when possible so the customer knows how long the F&I process will take.

- Try and reduce the number of times your customer says no. Instead of asking if they had any protection products on their trade-in, ask what types of protection products they had on the vehicle.

Q-F&I Online comes with ‘the best features and DNA of our flagship F&I product’

KELOWNA, B.C. - Quantech Software.com announced Dec. 4 the launch of “Q-F&I Online,” a web-based F&I solution for automotive, RV and powersport dealerships.

“Q-F&I Online incorporates the best of Quantech’s industry-leading F&I software platform while adding the benefits of “Software-as-a-Service” (SaaS) delivered via web-browser,” says Quantech. Quantech says Q-F&I Online is a complete rewrite of its Windows-based F&I program used by hundreds of Canadian dealerships.

“We kept the best features and DNA of our flagship F&I product and migrated it to SaaS for browser-based access from computers, smartphones or tablets” said Jack Pyck, CEO of Quantech Software. “They can get to their deal information from a smartphone or tablet no matter where they are, which makes it easier to juggle deals in progress and also provide timely information both to customers and the sales staff.”

Q-F&I Online comes standard with menu selling, quick quotes, plain paper (laser) forms printing, Dealertrack (finance portal) integration, and powerful reporting. “F&I providers tell us there’s no easier-to-use or more powerful F&I software in Canada” said Mike Martin, Quantech GM. “In our judgement this means more F&I revenue, something all dealerships strive for.”

Q-F&I Online extends benefits beyond the finance department. Quantech says people throughout the dealership can access the areas of the system they need for their respective roles, whether they are the business manager, sales manager, individual sales staff, or even clerical staff for data entry.

The company says Q-F&I Online also saves dealerships money, as unlimited staff members at a dealership can access the system without the need for extra seat licenses.

“We charge based on the number of forms printing licenses not users,” said Martin. “This makes for a more reasonably priced system: “Our goal has always been to provide the very best F&I software to Canadian dealerships. That’s still our commitment – and now Q-F&I Online opens whole new ways of doing business for our customers,” said Pyck.

Quantech Software is a leading developer of F&I, CRM, and lead management (ILM) systems for Auto, RV and powersport dealerships. It was founded in 1998 by Jack Pyck

For more information, contact Mike Martin at 1-877-611-0622.

BHPH: To cut repos and charge-offs, you have to spot the ‘credit criminals’

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finance business not the car business as we know it. Using their own capital, they finance loans to customers with impaired credit.

These dealers also understand they are in the collections business, not the sales business. Carelessly approving loans just to hit sales targets could result in bankrupt and put you out of business.

The key to minimizing repossessions and reducing charge offs is to hire staffers who have the right skills for the BHPH business and then provide BHPH specific training so they understand how to properly structure loans and effectively collect on those loans.

It is likely that a high percentage of your BHPH customers will miss a payment or make only a partial payment several times during the term of their loan.

By their nature, many BHPH customer are not good money managers and do not

have any savings.

When unforeseen expenses come up such as an unusually high electric bill or being short on their paycheque because of lost hours due to an illness, they are just not prepared for the problem. In many cases, the customer has to make choices about what bills to pay.

Successful BHPH dealers believe that most people are good people, and these people want to do what is right. Helping these customers through a difficult time by accepting a partial payment or spreading the delinquent payment over the next two or three payments can create positive customer relationships in addition to repeat and referral business.

However, before your customers start to think that any excuse will get them a payment extension, you need to establish a firm policy that requires all customers to provide verification for why they can’t

make their payment in full and on time.

The required verification should be provided before any discussion of a payment extension will be considered.

For example, a customer must be able to produce a bill to verify the higher-than-usual electric bill, or a pay check stub to verify they were short paid due to loss of hours, or a receipt to verify the prescription medicine they bought for a sick child.

You want your customers to understand that you will work with them if the problem is legitimate. Requiring your customers to verify the reason will eliminate a lot of the story telling and excuses.

In order to bring their account current, the next step is to agree on a payment arrangement that is fair to the customer and reasonable for you. All payment arrangements should be made in writing with specific details on dates and amounts

agreed to. Have the customer and the dealer or manager sign this payment arrangement. Give the customer a copy.

Remember, repossessions and charge-offs are a fact of life in the BHPH/LHPH business.

However, without BHPH specific training on deal structure and underwriting a dealer can create what I call self-inflicted wounds by approving loans to credit criminals or to customers who are outside your tolerance for risk. Even the best collections team will be fighting a losing battle under those circumstances.

Mark Dubois is the president of Dealer Performance and Consulting, LLC who acts as a consultant, trainer and 20 Group moderator in the Buy Here, Pay Here industry in the U.S. and Canada. For more information, email him at dealerperformance@verizon.net or 941-729-2357