



## Make the most of special finance

By Jan Kelly

In most dealerships, walk-in traffic is handled in a traditional way: meet the customer in the showroom, extend the hand of friendship, and welcome them to your dealership. That initial meeting is followed by a needs assessment interview, product review, test drive, negotiation, the close and write-up. The deal is then turned to finance, where protection plans are presented and the sale is legally documented. The traditional sales process culminates in a world-class delivery and follow-up.

During the write-up and negotiation process, the sales department will most likely obtain a credit application and run a credit check. At this point, the sales manager will review the deal structure to qualify the deal for mainstream financing or special financing. The sales manager makes this decision in order to maximize profitability, keenly aware that the front gross is paramount because it is never charged back due to a cancellation or re-finance.

At the same time, the sales manager must remember that customers are sensitive about status and may not like being turned to the "special" finance department. Perhaps a change in labeling is in order. How about calling the "special" department something like "boat loans"? Customers will respond to positive actions that put them in a face-saving environment.

During the recent World of Special Finance convention in San Antonio, TX, I heard many times that the special finance department receives a file only after the mainstream department has worked the deal to death and cannot secure an approval. By this time the customer is worn out and the lenders have a negative picture of the customer before the "pros" get involved. If you are a pro who experiences this situation, take the initiative to work with the sales manager early in the

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deal. Demonstrate how you can do your part to help the sales manager hold gross profit.

The road to success begins with the customer needs assessment interview. What are the credit challenge cues you need to listen for? Start with this list and then build on it:

### THE CUSTOMER MAY MAKE ONE OF THESE STATEMENTS:

"I have been around the boat shows and no one can sell me anything."

"I have had some late payments, it shouldn't be too much of a problem."

"The repossession should not show on the credit report yet."

"I only make \$1,500 a month."

### OR THE CUSTOMER MAY ASK ONE OF THESE QUESTIONS:

"Does a co-signer help someone who has had delinquent payments to get a loan?"

"My last co-signer was a blood relative. Does my next one need to be the same?"

"What do you consider late?"

The sales consultant also needs to know

the right questions to ask the customer, such as: "Who financed your present boat?" or "Who financed your vehicle?" If the answer is a sub-prime lender, then the new "boat loans" department may need to review the application right from the start.

The sales consultant may want to ask: "How did you purchase your last boat?" A customer may choose to finance with a credit union because they do not want to disclose past credit difficulties.

Many dealerships use a blended sales force (one group of people who sell) then designate managers to work with separate mainstream and special finance departments. It takes extra time to gather the paperwork required for sub-prime deals. Often the manager will have to complete the credit check. Verifying information is the key to securing many of these deals. It is the extra effort that most often makes the difference between an approval or denial. Without it, deals are lost and gross profit suffers.

When a dealership has a blended sales force, the sales manager is the point-person directing the deal. It is a savvy sales manager who employs special finance as an option right from the beginning, and not just as a last resort.

Progressive dealerships will make the special finance department an integral part of the sales management team. These dealerships understand that special finance should not compete with mainstream finance; rather they enjoy the rewards of a boat loans department that complements overall sales production.

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