

GETTING MORE LEADS DELIVERED: PART I



by Hector Bosotti

You may have read industry statistics, which suggest the following averages: Out of 100 applications processed, 40 percent are approved, 30 percent of those are delivered, which nets a 12 percent delivery ratio.

The key to converting more leads into deliveries is to first get more prospects in to see you. Once they do arrive, you will need to:

- get them to stop shopping around for credit or for another vehicle
- get them approved
- get them to accept a suitable vehicle
- get them to accept the interest rate/terms
- get them to accept your aftermarket products
- get them to take delivery

I will focus on the first three elements in this issue. There are many operations that take an application over the telephone or process an online application. If you're having a poor conversion rate (getting customers to show up), attempt to get them to visit you first before you process their application. To be successful utilizing this strategy, you will need to develop and then communicate to the customer why it would be in his/her best interest to come in to see you.

Give customers unique reasons to visit you:

1. Offer to pay for and pull their personal credit bureau report. Inform the customer that together (in person) you will look for errors or omissions on their report that can be corrected. Suggest that there is more than one credit bureau report that can be requested. Some creditors/institutions do not report to both bureaus and one bureau could look better than the other.
2. Offer your unique approval system – one that does not necessarily weigh heavily on a customer's previous credit history, but rather on the value of the newer vehicle and credit moving forward.
3. Suggest that continuing to shop for credit will damage their beacon score and their chance for an approval.
4. Sell your credit recovery program. Describe to them the process that needs to take place and the benefits. Customers will want to be in a position to look after their children's education, purchasing a home, future retirement and future dreams, etc. Directing the customer to testimonials on your web site greatly enhances your success rate.

Most dealers will not offer or suggest this type of service and it will demonstrate your knowledge, professionalism and further obligate the customer for the expense that your dealership is incurring with no commitment or obligation on their part. This builds trust. Here are some great questions that you can ask to assist securing an appointment:

- Are you tired of being tired?

- Are you stressed out?
- Would you like to own a house one day?
- Would you like to look after your children's education?
- Would you like to start to look after your retirement needs?
- Do you need a safe and dependable vehicle?
- Do you want to feel confident again?

Patience is a virtue that a special finance manager must develop. Act as a sounding board for your customer. "And then what happened? ...and then?" Some special finance managers claim that they feel like a psychiatrist or a priest taking confessions at times. By probing gingerly into their credit history, the customer will start to confide in you and that is precisely what builds their trust in you. The way that you communicate and present your credit recovery solution paints a picture in the customer's mind. If you want to get more customers in to see you, you've got to be a better painter. To get better, you need to practice. Most salespeople only practice "in the game," but when we look at professional athletes, we realize that they go to practices and actors or musicians go to rehearsals. Here are some other strategies for you to consider to getting more customers to visit you:

- You require a customer's personal authorization to run a credit bureau
- Lenders want to know the year, make, model and kilometers that the loan is intended for
- Lenders want to know if the person is credible and sincere requiring a face-to-face interview
- You want to communicate your process and the extensive resources that you have at your disposal to assist securing a credit approval
- You may want to leverage your dealership's reputation and your success rate

Tip of the year

Write out your credit recovery program presentation. Edit and then rehearse it until you have mastered it.

The four Bs to remember:

1. Be patient
2. Build rapport
3. Build trust
4. Book an appointment

Increasing your approval rate:

Shotgunning vs. a more surgical approach

The vast majority of dealers from across the country shotgun credit applications to special finance lending institutions. The advent of portal technology has fueled this practice, which can actually lead to inefficiencies. Unless you are processing hundreds of applications per month, you may well be advised to be more surgical in your

submission approach. The fact remains that if you are processing hundreds of applications per month, every lender will welcome the opportunity to approve as many as they can. If you are processing less than a few dozen, look to place an application with the lender who will more than likely approve it on a first submission. If you send a lender 10 applications and it approves five of them, but you only submit one deal for funding, you will create animosity with the lender and they will be less flexible with you on marginal calls. Once an approval has been secured, you can look to another lender that offers better terms/rates/advances, etc., for either the customer or for yourself. Many dealers will send an application to their preferred lender first to maintain their strong relationship. The object here is to build healthy relationships with several lenders so that you can call on favours when seeking an approval on a marginal application.

Pull the customer's credit bureau

Spending time to thoroughly review a customer's credit bureau with them will pay huge dividends. I've heard countless stories about customers who were unaware of issues on their credit bureau that were resolved long ago. More often than not, a quick phone call and a fax will clear up the situation and you can put you one step closer to an approval. Credit bureaus merely report creditors'/institutions' information that they receive and there are errors in the reporting process itself. From time to time, errors in the information that they receive also occur, so take the time to ensure that the report is valid.

Note: Remember that some lending institutions utilize Trans Union as their primary credit bureau so if the Equifax report is unfavourable, pull one on Trans Union to see what it looks like. Not all creditors/institutions report to both bureaus. If one turns up "cleaner" than the other, submit the application to the lender that utilizes that particular bureau.

Other benefits:

- Allows you to build more rapport with the customer
- Stops the customer from shopping by seeing the inquiries and their score
- Allows the customer to gain acceptance of a higher interest rate once they've seen their "credit accidents"
- Manages expectations and dismisses "illusions of grandeur"
- Paints a vision of the future – This is your current plan, do you want to change it?
- Prepares for other product sales
- Look for resolutions

Does the situation still exist or has it been resolved? This is precisely how you will need to package the application to your lender. There are two legitimate ways in which a lender may approve a deal for a customer that has a poor credit history: justification and extenuating circumstances on the part of the customer, supported by proof. Don't allow your lender to easily decline your deal. Make sure that

you send all appropriate documentation of your customer's extenuating circumstances along with the credit application (not after the lender callback) to support an approval. If you are aware of the customer's poor credit history and know the cause and resolution, send an accompanying note to your lender and all pertinent supporting documentation so that he/she is prepared for it and can look at it with a more positive perspective – don't let it be a surprise to them!

Prepare a list of positive strengths to discuss with your lender:

- long time on job
- long time in same type of job or career

- long time at same address
- long time in same neighborhood
- long time in same town

- if homeowner, equity in home
- if renter, long time at same address – stability

- total debt service ratio is favorable
- customer is trying to finance/lease a vehicle that's affordable and practical
- no N.S.F. cheques

- previous dealership customer
- long-time customer at same bank – loyal, predictable
- even if other credit is poor – previous car loans paid well

- family man/woman with children – responsibilities
- conservative life style based on occupation and/or education or discussed during "turnover"
- pleasing personality
- upfront and honest about credit problems – with explanation (e.g. a difficult divorce, a job loss several years ago due to a corporate merger, etc.)

Getting more down payment

Successful business managers know how to extract higher down payments from customers. The first rule of thumb that they adhere to is to never ask customers how much they are willing or want to put down on a vehicle purchase. Best practices suggest that you should always suggest an amount that is normally higher than what will be required to approve a deal. For example, if you are working with a customer (face-to-face only) and you know that you can probably get the customer approved with a \$2,500 down payment, you might use the following technique:

"Tom, most customers will want to put \$4,000 as a down payment or could you put \$5,000 to help keep the payments lower?"

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identification, contracts, insurance documents, registrations, lien copies, perhaps even payment records, service invoices and vehicle declarations, together with any other documents of importance.

To further minimize your risk once you have approved your client, you may want to implement an automated payment kill system or perhaps a GPS device to assure prompt payment and/or manageable recovery.

Now that you have approved and obtained a new customer, it's time to keep in touch. A great way to start would be to send an introduction letter with other services you provide. You may also want to point out the monthly payments, payment dates and a contact for the customer to reach in case a problem arises. Be sure to provide your client with information related to making their payments, forms of payment, hours of operation, etc.

Informative mail-outs not only keep you in touch with your clients but can also provide alerts when mail return is received. This can provide you the opportunity to follow-up via telephone or e-mail. This would be a great time to confirm alternative

phone numbers, verify employment information and obtain your client's new address.

We hope the idea of implementation of some of these policies will open new positive pro-active solutions. This can also introduce more cost effective recoveries allowing your bailiff to have optimal recovery with the information you provide at time of assignment. Providing your bailiff with more current and detailed information makes for more cost effective recoveries.

Always remember, the key to your success is your clients' satisfaction.

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In using this technique, you will extract higher down payments and will get more truthful answers from the customer. You will find many applications that have conditional approvals based on a higher down payment request. You will need to work with the customer to secure a higher down payment. If they have additional funds to put down, it's likely that you will only need to explain the lender's position and how they want to back up the approval with a stronger equity position. In most other scenarios, the customer does not have the additional funds or does not know where to get them. Here is a check list that business managers use to assist their customers in finding some more money.

- Personal savings/chequing account
- Children's savings account
- Credit cards: (1-800) (on the back for limit increases)
- Advance on vacation pay
- Pay advance or at a pay advance store
- Bonds, G.I.C.s, stocks, mutual/seg funds
- Loan/cash out on a whole life insurance policy
- R.R.S.P.s
- R.E.S.P.s
- Friends
- Family
- Garage sale
- Tax refunds

People buy from people they like and trust and that is why your sales process will continue to be your most competitive edge in the special finance arena. The pros know how to do it better – it's as simple as that. Prepare a presentation that gives customers many unique reasons to visit you that others don't offer. If you share valuable information with them and get them to see how professional you are, they will likely stop shopping and give you the opportunity to get them mobile again. Following the basic steps at getting more deals approved will go far to increase your approval rate, along with building personal relationships with the lenders.

In the next issue, we will continue to share with you more best practices that will increase your delivery rate. Until then, have a safe and fun filled summer!

Hector Bosotti is a consultant and trainer for the Wye Management and has over 24 years of retail automotive experience. His success has been founded on three key elements: people, process and training.

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