

## Why the Sales Process Needs to be Different

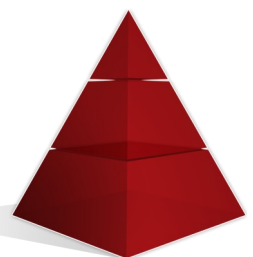
Let's review a generally accepted sales process as it exists today in modern sales departments:

1. Meeting and Welcoming
2. Counseling/Qualifying
3. Vehicle Selection
4. Vehicle Presentation
5. Vehicle Demonstration
6. Facility Tour
7. Payment Based Financial Proposal
8. Closing/Negotiations
9. Turn Over to Financial Services Office
10. Delivery and Follow Up

It stands to reason that we need to understand why this sales process might not be as productive as we would like it to be when dealing with credit-challenged prospects. If for example, a credit challenged customer were led through this process, they may be led into a vehicle that was in the \$25,000 to \$40,000 range. Following this process can lead to the following results:

1. They purchase the vehicle and then are declined for credit.
2. They don't purchase because the payment is too high or they feel that they are getting in over their heads.

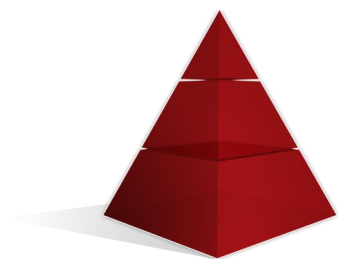
In the first scenario, the customer has had their expectations stripped away and he will find it difficult to compromise with a lower priced and possibly older vehicle with far less features and perhaps many more kilometers on it. This is known as the 'let-down' for a customer. Salespeople, Used Vehicle Managers and even Business Managers have great difficulty in many cases retaining this customer because of this 'let-down.'



**The effect is compounded when a suggestion is made to consider a non-prime solution at a higher interest rate than the original deal was consummated at and on a different vehicle. The net result is a cancellation and a deposit refund.**

**In the second scenario, the customer never even makes a deal and is discouraged because either the price or payment is too high for them to consider. Once again, the customer leaves. Consider the ensuing customer behavior after they leave your dealership. They shop at another store but now have been educated as to their credit limitations or budget restrictions. They now make the compromise to look at alternatives but not at your store. The end result is that they do buy but at another store and will either purchase a far less expensive vehicle on a lower monthly payment with a non-prime interest rate.**

**It is crucial then to identify a Special Finance customer as quickly as possible. A successful Special Finance department cannot run autonomously but requires the assistance and understanding from all employees of the dealership including the receptionist and merchandising coordinator.**



## Identifying a Special Finance Customer

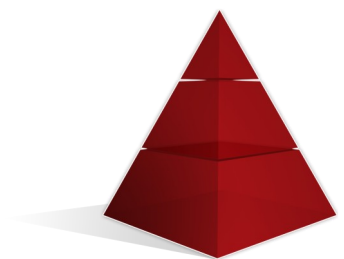
Let's examine the sources of credit challenged customers that contact our dealerships. They will come to us from many different sources such as:

- ⇒ Walk-ins
- ⇒ Sales Calls
- ⇒ E-Leads
- ⇒ Previous Customers
- ⇒ Referrals
- ⇒ Newsprint Advertisements
- ⇒ Auto Trader Magazine or On-Line websites
- ⇒ Radio
- ⇒ Television
- ⇒ Direct Mail Campaigns
- ⇒ They live locally

We can summarize the contact points at which a credit challenged customer can be identified as follows:

- ◇ On the lot or in the showroom
- ◇ On the telephone
- ◇ On-line application or e-mail inquiry
- ◇ During a turnover in the business office
- ◇ On a declined application to a prime lender

The identification procedure is critical to increasing your success rate as it permits you to be proactive, manage a customer's expectations and reduce the 'let down' effect that customers experience after their application is declined.



## Offer a Pre-Approval

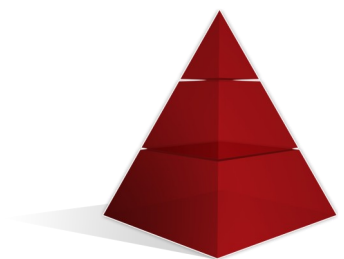
The customer is given an opportunity to be honest but in a non-embarrassing way. Offering a pre-approval will usually identify someone who may be concerned about an approval and is a customer-friendly approach to introduce the idea of completing a credit application. Here is an example:

**“Mr. Jackson, most of our customers prefer to shop with peace of mind. They prefer to buy a vehicle just as they would buy a home or a condominium. They get a pre-approval which allows them to shop for a vehicle that matches their down payment and monthly payment capabilities. This allows them to shop with a little less stress and focus on features that they need. We provide that service for you here at “Future Motors” and I would like to invite you to meet with our Financial Services Manager to discuss what you might be eligible for. Would you like to take advantage of that service?... Great then, let’s head this way and I’ll introduce him/her to you.”**

This is an excellent strategy for walk-ins or when fielding a sales call.

If the inquiry is an e-lead, an on-line credit application or the customer declares that they may have had some credit problems in the past, a Business Manager needs to get the customer to come to the dealership and/or pull their credit report and review it with them.

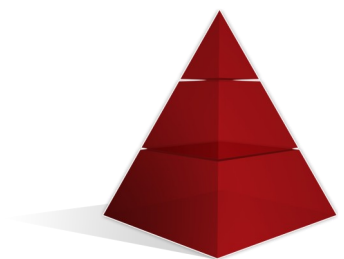
If a customer has left the dealership and then their application was declined, a Business Manager must once again get the customer to come back to the dealership to review their credit report.



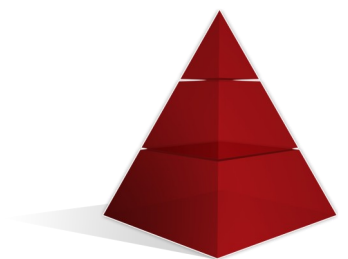
## **17 BENEFITS of Pulling a Credit Report:**

There may be items on the bureau that the customer is unaware of and you will need to know about the circumstances that gave rise to its reporting. Business Managers should ask probing questions that allow them to get to the root of the problem and determine whether the problems or circumstances have been corrected or not. It will be difficult to secure an approval with unresolved issues. Reviewing a customer's credit history will also serve to accomplish many objectives:

- ◇ Portrays the Business Manager as a professional
- ◇ Creates customer curiosity
- ◇ Allows more rapport to be developed
- ◇ Stops the customer from shopping at other dealerships when they see multiple inquiries in their report
- ◇ Allows a Business manager to provide a unique reason for a sales call or an e-lead customer to visit the dealership
- ◇ Manages expectations as to what they will qualify for and why the solution will likely be offered at a higher interest rate and possibly on another vehicle
- ◇ Allows a Business Manager to paint a brighter vision of the future
- ◇ Many errors/omissions can be discovered in which case, you can assist the customer to having them removed or added
- ◇ Allows you to look for a resolve to the issues that caused the credit problems



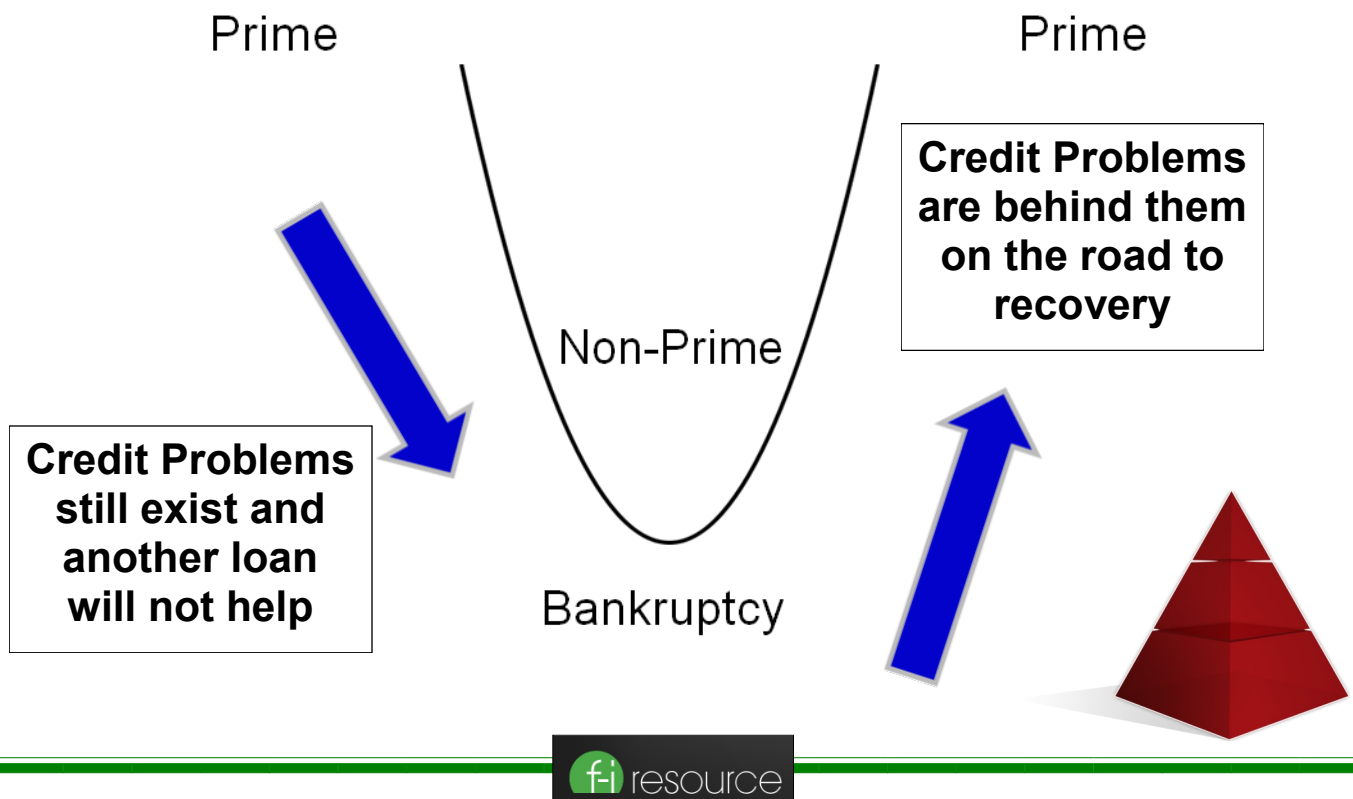
- ◇ **Allows a Business Manager to create a well prepared case to a lender based on justification or extenuating circumstances**
- ◇ **Allows for an application to be submitted to a lender that will more than likely approve it on the first submission**
- ◇ **Allows to place an application to a lender that has a preferred rate based on the customer's credit report or available terms**
- ◇ **Allows a Business Manager an opportunity to help a customer repair their credit report**
- ◇ **It will plant a seed in the customer's mind that an extended warranty and loan protection will be a good idea to have on this purchase**
- ◇ **Allows for more prime and non-prime approvals that would never have been approved**
- ◇ **Allows you to increase a relationship with a lender: 'look to book' rates soar**
- ◇ **Allows for an increase in the number of deliveries that were approved where customers didn't go through with them**



## Non-Prime Lenders' Appetites

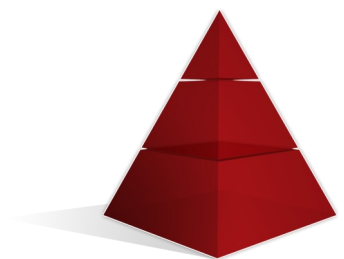
Non-prime lenders are seeking to approve risk if a customer has reached the end of their credit problems. If they are still having trouble managing their credit, adding another loan will certainly not help. This is why a customer who has gone through a bankruptcy is eligible for a non-prime loan-the worst is over and the slate has been wiped clean.

A Business Manager needs to review the credit report to determine any justification, extenuating circumstances and resolve in order to prepare a better case for a lender submission. Lenders are looking for good reasons to loan out money but not if the risk is unwarranted-give them some! By asking questions how their credit problems have been resolved allows a Business Manager to present the applicant to a lender that the customer is on the road to recovery and still not sliding to disaster.



# **SPECIAL FINANCE SALES PROCESS**

- 1. Meeting and Welcoming**
- 2. Qualifying**  
(Identifying a credit-challenged customer)
- 3. Credit Bureau Inquiry and Credit Counseling**
- 4. Payment Call**
- 5. Structuring the Deal**
- 6. Vehicle Selection**
- 7. Vehicle Presentation and Demonstration**
- 8. Secure the Deal and After Market Products**
- 9. Delivery**
- 10. Follow up**





**The workflow of a Special Finance deal differs in that it is finance focused as opposed to vehicle focused. Once a prospect has been identified, you will need to further qualify the prospect and educate him/her on the merits of a pre-approval. Your job now is to secure an application and using a portal, deliver the application to an appropriate lender based on the customer's profile. This is called a "payment call."**

**The lender indicates to the dealer what monthly payments the customer can afford and the conditions that need to be met for approval. The next step is to identify vehicles in inventory that the customer can afford and seek his/her acceptance.**

**Here are some areas of expertise that only hands-on training will allow you to master:**

- ◇ How to generate more appointments and how to get more customers to keep their appointments**
- ◇ Understanding credit and a credit recovery strategy**
- ◇ Dealing with the 'what-ifs' and difficult customer situations**
- ◇ Getting a customer to accept a higher interest rate and perhaps another vehicle**
- ◇ Sales skills and strategies to improve product sales on Special Finance deals**
- ◇ Getting more deals approved and delivered**
- ◇ How to mine a customer base and referrals**

**For further training: visit the TRAINING found on the website.**

