

Accelerating F&I Success: Strategies for Revenue Growth



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A full circle of solutions
custom-designed for your dealership.
Your customers. And you.

A Supplement to



GMAC Insurance

GMAC Insurance

In just the few months since our last supplement to F&I Management & Technology magazine, the world has become a very different place — both globally and in our own towns. While it often seems sudden, particularly when it presents us with a new challenge, we all know the process is continuous. The automotive dealer world is in a constant state of flux, sometimes slow, sometimes fast, but always new.

The positive response to all of this is adaptation. When you get down to the essence of our work at GMAC Insurance, it's all about helping our dealer customers adapt, whether to shifts in the automotive market, to fluctuations in sources of revenue, or even to changes in the weather. Our job, ultimately, is to help you prepare for, respond to, and benefit from change.

Of course, to do that job we have to adapt as well to the new realities of the dealer business in general, and to your business specifically. We have spent a great deal of time listening closely to dealers like you across the country, taking what we learn and reshaping our services into the most comprehensive suite of business-building F&I Growth, Risk Management and Business Development solutions of any provider, anywhere.

This supplement will introduce you to this energized, company-wide initiative. It heralds a fundamental shift in our approach to serving your needs. With this solutions-based focus, you're surrounded by a full circle of options for building revenue, securing your investments, and growing your business. Solutions that are custom-tailored for your needs.

This issue presents some of the highlights of this new approach, and provides you with solid, sound information about strengthening your business, getting the most from your F&I function, the benefits of loss prevention in risk management, new efficiencies in claims processing, and how we can help you turn change into opportunity.

That's the first law of survival: those who adapt succeed. Along with everyone here at GMAC Insurance, I am pledged to helping all our customers create greater success in the future. For all of us, they are exciting times ripe with potential.

I warmly invite you to share in them with us.



Tom Callahan
Executive Vice President
GMAC Insurance
Dealer Products and Services Group

GMAC INSURANCE: SURROUNDING YOU WITH CHOICE



Walk into the Dealer Products and Services offices of GMAC Insurance today, and you'll feel it. There's a low hum of energy, a vibrato in the air. People walk with an extra snap in their step. Something's happening here.

Much of this energy flows from the office of Dennis Doyle, vice president of DP&S marketing and product development. A tall figure with a commanding voice and ready laugh, Doyle is charged with presenting GMAC Insurance to the world. We've come to talk to him about a new initiative that's evolving the way the company serves their dealer customers. And he's excited.

A Shift in Focus

Traditionally, GMAC Insurance has been a product-focused organization. The company has provided

a range of vehicle service contracts and other F&I products, plus property and casualty coverage. These offerings are well regarded by the industry and by their dealer customers. But things are changing.

"Within almost any industry, it is difficult for a product not to become a commodity these days. That's part of the nature of competition," Doyle explains. "If an industry has become heavily commoditized, any company's survival requires that they differentiate themselves from competitors, based on the type of relationship or service they can offer their customer."

Most providers deal in one or two major areas — VSCs and GAP, for instance, but not P&C solutions. Or they may provide P&C coverage, but not F&I sales and training. They may be good at their particular specialty, but they're limited in their

ultimate service to the dealer. One of the principal strengths of GMAC Insurance is the company can cover the dealers' needs via the three pillars of their expertise: F&I Growth, Risk Management, and Business Development. That totality of service gives the company a distinct advantage, with distinct benefits to their customers.

"When you focus on a single product category, your agenda is to sell that product, whether or not your customer wants or needs it," explains Doyle. "However, when you focus on the customer, backed by a complete circle of top-notch solutions, your agenda becomes the customer's needs."

The difference in application is dramatic. "Rather than asking a dealer what kind of vehicle service contract they're selling, we can ask, 'What keeps you up at night? What are the challenges you're facing, right now, at this moment?'" Suddenly, you've asked a question that acknowledges the dealer's objectives, rather than your own. You've

"When you focus on a single product or product category, your agenda is to sell that product, whether or not your customer wants or needs it," explains Doyle.

changed the entire approach. You've demonstrated your desire to help that dealer rather than to make a sale." That's the essence of the company's full circle approach.

Unifying The Message

Doyle poses the question, "Who is our customer?" Well, within our business we have multiple customers. While our principal customer is the vehicle dealer, we have other people to whom we must communicate our value: the retail consumer and our employees. Even within the dealer organization, there are multiple customers. The F&I manager has a different need than the dealer principal, yet we must build relationships of trust with both."

Doyle describes a triangle of dialogue, composed of the dealer, the consumer, and GMAC Insurance. There are communication lines running between each of these groups. With the more than three dozen dealer products and services the company provides, communicating the benefits of GMAC Insurance among these groups has been a complex undertaking, with different audiences getting different messages. The new solutions approach streamlines and unifies those divergent messages. The value proposition is the same, the messaging is consistent, and the benefit to everyone — a full circle of superior choices — becomes clear.

"The same needs-based communication we



have with the dealer, the dealer can have with his customer. That's the beauty of this approach as a service delivery platform. If you begin the dialogue simply by asking 'What are your needs?,' the power of this method becomes clear. Our response to the dealer will be a best-in-class, customized solution. That's the core idea. We don't offer cookie-cutter products. We let the dealer's needs and goals drive our response."

Solutions At Work

Here's one example of the strength a full circle approach can bring — in this case, to a dealer's Business Development needs. GMAC Insurance offers a suite of services that go hand in hand with F&I Growth. (In fact, they see the two functions as virtually inseparable.) "First, of course, we have to have the right solutions for the dealer to provide his customers," says Doyle. "That's the foundation. And those F&I solutions are evolving to reflect new realities of the market."

Then he asks a disarming question: "What is business development, from the dealer's perspective? To maximize their revenue from F&I products, we've got to have the entire service and support structure in place. That includes menu selling, so we have the most respected, seamlessly integrating menu system available. It also includes training, so we have an entire organization devoted to building sales proficiency. It includes F&I performance tracking, which helps identify areas of improvement or trends that can be capitalized



upon. All the business-building functions that will grow a dealer's revenue are part of our service. And of course, it's all backed by the operational excellence that's a GMAC Insurance tradition."

The company's understanding of dealer business reveals certain hidden insights. For example, part of the overall value of a vehicle service contract is that it drives back-end business. This is a critical point that many companies don't fully understand, and it's a perfect example of the solutions perspective driving GMAC Insurance. "You're not just selling a one-time product," insists Doyle. "You're selling a future of business from that customer, who will return again and again. Now, that provides an ongoing revenue stream from the contract. But it also provides an opportunity to increase the commerce relationship you have with that customer. This is an important difference in approach, and most companies will not make that distinction to their dealers. They concentrate solely on the one-time revenue that a VSC generates in the F&I office.

"But we take Business Development into every possible opportunity that customer represents. How about the replacement parts, the fixed operations? What about the multiple opportunities a vehicle service contract gives the dealer for additional F&I sales, accessory sales, or for strengthening that customer relationship? This approach changes the way we serve our customers, and can dramatically improve the benefits dealers derive from theirs."

Presenting The Choices

Historically, the vehicle sales function and the F&I sales functions have been almost entirely separated, exclusive from each other. Car salespeople sell cars, F&I managers sell F&I products. That's beginning to change, and for good reason. Generally, the penetration of F&I products industry wide hovers at around 23 to 25 percent. Yet, there are dealers with penetration rates of 70, 75, 80 percent or more. The obvious question is, "How are these guys doing it?"

The answer is in the approach. Good salespeople will begin their presentation by asking questions about the consumer's needs, and listening carefully to their concerns. The process continues with a respectful, informative overview of the F&I products that will meet those needs. This approach defines the full-circle concept. GMAC Insurance sees one of their most critical responsibilities as enabling a successful F&I sales presentation through menu

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selling and training development, point-of-sale materials, and a continuous dialog with dealers to address their selling obstacles.

Planting the Seeds Of Success

And the company has ideas about enhancing F&I sales even further. For example, they can offer a dealer-direct capability, adding additional value to the marketing relationship. Historically, there has been little or no direct-to-consumer marketing of F&I products. Customers typically enter the F&I office with the attitude of saying "no." Their defenses are up, they're skeptical. "They've just made a deal involving tens of thousands of dollars, and now they're being asked to spend even more money on products and services they don't understand," says Doyle. "There's been no consumer education: not from dealers, not from providers, not from manufacturers. And yet, we know these are valuable products. They offer the same qualities, the same peace of mind as homeowner's insurance. They can significantly enhance the vehicle ownership experience. So why should they be hard to sell? How can we help dealers communicate their benefits meaningfully to consumers?"

A dealer-direct campaign combined with other direct marketing strategies can help inform and motivate consumers. "We have far more buying

power, marketing expertise, and better data management than your typical dealer. We can do targeting, segmentation, predictive and trigger-based marketing, which are tactics that can generate knowledge and interest among consumers.”

Statistically, less than 10 percent of consumers who go into a dealership know what GAP coverage is. What would happen to sales rates if more consumers knew about F&I products before they entered the dealership? “I look forward to the day when a consumer goes into a dealership and asks about the F&I products that dealer sells,” says Doyle. “That day will come, and we want to help it happen sooner.

“If we look at the ways we can help our customers, and add value to their business, it’s a natural extension of our customer-focused culture. We can help with that function in ways no other company can. That’s what dealers can expect from us.”

“We can do targeting, segmentation, predictive and trigger-based marketing, which are tactics that can generate knowledge and interest among consumers.”

The Shift Inside

The concept of customer focus isn’t only directed outward. It’s also directed within the GMAC Insurance organization. In any company there are areas of responsibility specific to certain people. That’s their focus and expertise. It’s why they were hired in the first place. But throughout the history of business, it has always been easier to achieve greater success when all these specialists are working for a common mission, through a shared understanding of the goals. That means providing them with a greater awareness of other people’s duties. It means engaging their energy and imagination in the problem-solving process, utilizing their skills in areas beyond their traditional roles. And it means acknowledging the individual value they bring to the shared mission.

“We recognize that our strength is as a group, not as a collection of individuals,” agrees Doyle. “One person cannot deliver the promise of our value to our customers. That’s simply impossible. It requires the best energies of everyone here, a synergy of strengths that results in us being the best source of income development and business growth for dealers, period.”

He continues, “In order to deliver that promise — that GMAC Insurance is the customers trusted partner for all their dealership needs — then you have to work with people in other areas of the company. So for instance, if you’re a salesperson and your job is to help the dealer grow his F&I business, you

must recognize our total responsibility to that dealer, not just your specific role. You have to engage the other experts within the company, the employee benefits representative, the risk management expert, and the training and technology specialists. You must incorporate the marketing and operations support provided by GMAC Insurance. It all has to come together. Otherwise, you’re competing in a commoditized market. And that’s not us.

“We’re a premium brand. And frankly, our customers deserve to have a premium provider on their side. We have so much more to offer than other companies out there for two reasons. First, our dealer customers need the strongest partner they can get, particularly now. And second, it forces us to stay in front of the competition. It keeps us sharp. It promotes innovation. As we get better, as we develop new dealer solutions and new technologies for making them work, our customers get stronger too. That’s the ultimate goal.”

Equal Opportunity Benefits

There has been a tectonic shift in opportunities and service capabilities to dealers, with the sale of GMAC Insurance to Cerberus. The company is aggressively pursuing business with multi-franchise and mega-dealers, applying decades of deep product and service expertise to sellers of all brands. It means that multi-franchise dealers no longer have to cope with different F&I platforms and providers for each brand they sell. All the efficiencies GMAC Insurance has engineered into their solutions, all the best-in-class products, are available for any badge. The savings for these dealers in time, cost and operational infrastructure can be remarkable.

“It’s really the best of both worlds,” Doyle explains. “Other independent providers can claim to offer products for all brands. That’s fine, so can we. But we add so much more to the relationship. We bring dealers a host of benefits no one else can — the genuinely superior quality of our products, depth of choices, operational efficiencies, outstanding claims handling and bone-deep, empathic understanding of the dealer’s world — because that’s our legacy. All of that, combined with the solutions-based service approach, is what separates GMAC Insurance within the industry.”

Ideal dealer service is the fusion of all the traditional strengths of GMAC Insurance with the company’s newly energized focus on individual dealer goals. In the coming months, the industry will hear more from this energetic company, and dealers will learn more about the full circle of business-building choices available to them. There are exciting things coming from GMAC Insurance. You can feel it in the air. ■

THE SCIENCE BEHIND MENU SELLING

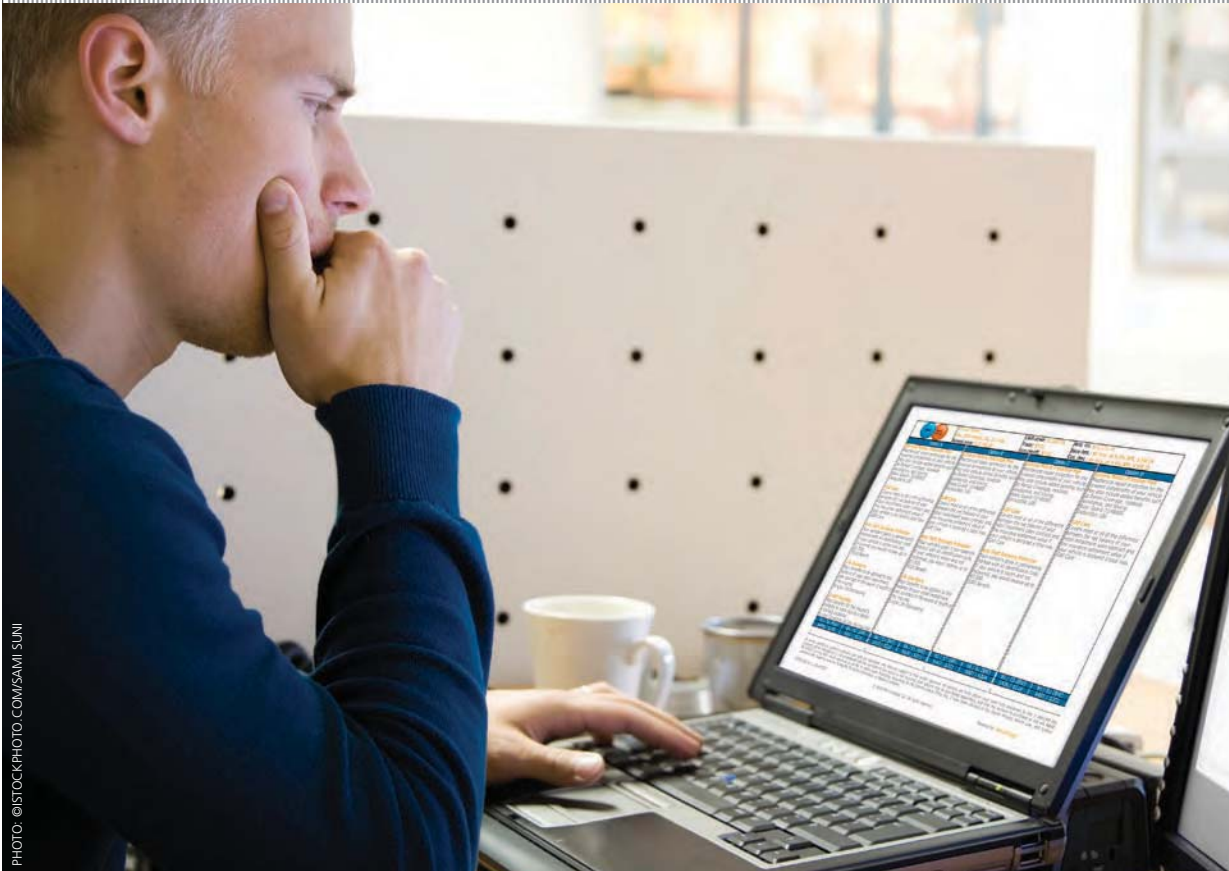


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2008 FRONT-END OPERATIONS SUPPLEMENT

Get inside GMAC Insurance's new F&I selling system, and hear from company executives about how this new tool will maximize profits.

When it comes to menu selling, GMAC Insurance has taken that statement to heart, turning the science of menu selling into a formula for F&I success. "For years now dealerships have been able to purchase menu selling software and the software is fine," says John Gressa, Director of Sales & Customer Support GMACI/Dealer Products & Services. "But the key to effective menu selling is not just the software. It's how you use it." Blending technology with technique, they've created a process that F&I personnel can use on a consistent basis, which allows 100 percent of their customers to get

access to 100 percent of the products, 100 percent of the time.

A disciplined process is just one facet of the "total solutions" proposition that GMAC Insurance has based their whole sales organization around. While others still follow the conventional product-focused approach to F&I sales, GMACI has broken with tradition and restructured its entire portfolio and service offerings toward dealer-focused solutions. By integrating F&I products with technology tools like IntelliMenuSM and IntelliTrackerSM, along with best-in-class training, dealers can select a custom-fit solution to build their F&I revenue.



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Combine that with the ability of menu selling to generate higher F&I revenue and it just becomes a win-win for the dealership. Declining retail sales and a tough economy translate into challenging times.

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2008 FRONT-END OPERATIONS SUPPLEMENT

“What we hear in the marketplace is ‘Hey, I’ve purchased this software, I need someone to show me how to use it,’” says Gressa. “So what we deliver is a ‘total solution’ package.” Looking at the dealership operations and determining strengths and weaknesses is the first step. Talking to individuals in all departments, seeing how they work, learning their objectives, hearing what they want to accomplish, and ascertaining what needs are currently not being met. Then, based on that blueprint of information, a plan is developed to bring in the right set of products, combined with state-of-the-art technology — IntelliMenu and IntelliTracker, followed up with training and support. Gressa feels that all three pieces — product, technology, and training — are needed in order to deliver the kind of results that are sustainable at the dealership, and to continue to drive the kind of results that the dealership is looking for.

Instituting a Menu Selling Process

In the marketplace, this unique combination of technology and training is now proving very effective at increasing penetration at sales and building the F&I gross. After the initial training is over, field reps provide ongoing support toward using the IntelliTracker package and the separate

reports contained in the IntelliTracker package, to monitor not only how the F&I department is performing but also how individuals within the department are performing. Any additional training, if necessary, is customized to the needs of that dealership.

Front- and back-end profitability is another big benefit of combining a menu selling process with menu selling technology. “While the F&I manager is preparing the customized menu, we have the sales person do a service lane walk and introduction with the customer,” explains Gressa. It’s a process that maximizes customer exposure to the service department, while minimizing customer down time. The service department gets the opportunity to talk about the benefits they have to offer, while the customer gets the chance

to meet and greet the “who’s who” behind any future service he or she might need. The F&I department gets the time they need to put together the customized product menu, with no waiting on the part of the customer. Dealerships get front-end profitability by getting a higher penetration on a service or maintenance contract that ends up generating future income on the back-end.

In addition to delivering a quick and complete method of presenting F&I products, menu selling also provides key protection to dealers with regard to compliance issues. Dealers have become very aware of the exposure they have regarding compliance. Menu selling offers the ability to prove that you’ve offered the same set of products to every customer. “Software like IntelliMenu has an acceptance page that shows what was offered, what was accepted, and what was declined,” explains Gressa. “When placed into a dealer jacket, it adds to the dealership’s comfort knowing that if something happens, they have something on file that says, ‘Look, I’ve presented these to you, and you had an opportunity to buy them.’” Combine that with the ability of menu selling to generate higher F&I revenue and it just becomes a win-win for the dealership. Declining retail sales and a tough economy translate into challenging times. Dealerships need to maximize the income out of each customer that walks through the door, and menu selling is a way to make sure you’re delivering product.

Full disclosure is another advantage of menu selling. All options are presented to the customer in a very low-pressure type of environment. “Our recommendation is to present four options that the

Integration saves time, energy and money before, during and after the sale. That's why dealers want it. It cuts down on key-stroking, time, and energy when the F&I department is first pulling together the menu. After the sale, it feeds the information back into the DMS so there is less back office work that needs to be done.

customer can choose from," states Gressa. With menu selling, every option is fully laid out and fully explained, giving customers the opportunity to choose what option best suits their individual needs. They see what their monthly payments would be with and without the F&I products. By providing multiple options, customers walk away more comfortable with their decision because it was their choice.

Integration a Key Component

Last year, when GMAC Insurance decided it wanted to have a menu-selling product to offer dealerships, effortless integration with existing dealer management systems (DMS) was top priority. "Being part of the GM family, we have very high standards as to how we wanted to integrate and bring in software," says Gressa. After a rigorous and lengthy process, GMAC Insurance finally settled on a leading menu provider renowned for adaptability and innovation. More importantly, it was the only provider that had a Reynolds and Reynolds-certified and an ADP-approved interface with existing dealership DMS systems. By choosing a provider with dual certification, GMACI could be sure that there was no risk of integration failure for the dealerships.

Integration saves time, energy and money before, during and after the sale. That's why dealers want it. It cuts down on key-stroking, time, and energy when the F&I department is first pulling together the menu. After the sale, it feeds the information back into the DMS so there is less back office work that needs to be done. "Since its implementation



in mid-January of this year, initial feedback is very positive," Gressa reports. "If dealerships had a menu prior to IntelliMenu, their feedback has been that it's better than what they had before. Our field reps that have had experience with other menus tell us it's one of the best menus they've had the opportunity to work with. In some instances, within a month of using the product, dealers have reported significant increases in their PPR by using IntelliMenu."

GMAC Insurance has proven by performance that the right combination of technology and technique can be a formula for success. Menu selling software is one key. By combining the software with a custom-fit, menu selling process, followed by ongoing training and support, you can unlock the full potential of menu selling to maximize dealership F&I sales. ■

LOSS PREVENTION

From new and used inventory to garage facilities and employee benefits, any dealer must protect the investments of his organization. Having a robust loss prevention strategy can make the difference between continued business and going out of business.

"We bring a premier product and service offering to any dealership's table," says Scott Hill, vice president of P&C and Benefits at GMAC Insurance Dealer Products & Services. "So whether it's underwritten by us or we're partnered with a quality underwriter, we believe we offer a very comprehensive suite of products that covers a dealership's risk management issues."

The protection begins with Inventory Coverage, which includes property and liability coverage, insuring the dealership's most valuable asset – new and used-vehicles.

"Our core products, GMAC Wholesale Floor Plan insurance and our Motors Inventory Coverage program insure vehicles primarily in a dealer's inventory, but also shop rentals, demos and parts trucks, among others," he says. "These plans generally cover things like non-weather issues, vandalism, theft collision and weather losses, which would include hail, flooding and wind."

But why offer two plans to cover a dealership's inventory? "The GMAC Wholesale Floor Plan Insurance only covers new-vehicles financed through GMAC," Hill explains. "The Motors Inventory Coverage program is for franchised auto dealership inventories, demos and shop rental vehicles that are not financed on a wholesale basis by GMAC. The only other difference is the Wholesale Floor Plan offers competitive rates and lower deductibles, especially for dealers exposed to weather-related liabilities."

And as every dealer knows, a weather-related event can wreak havoc on inventory. "For example, Hurricane Katrina may have been our largest event to contend with; but in terms of frequency and severity, hail is our biggest event," he says. But world-crisis events, like Hurricane Katrina, are why GMAC Insurance provides a comprehensive Loss Prevention Program for its dealers. "We constantly work with dealers on loss prevention, and in particular with dealers that have flood



exposure, like those in coastal areas," Hill states. "While we work with dealers in these areas personally, there are so many that we often use tactical worksheets that help step them through an evacuation plan for their vehicles, in case of a severe event like a flood."

"For example, if a hurricane is forecast to hit Fort Lauderdale potentially five days out, we've instructed dealers far enough in advance to determine what is needed to start their evacuation plan. How many people are needed to move all the vehicles? How many vans are needed to take people back to the dealership, or their homes? Where do they park the inventory? We help them step through it. Typically, we want to know what they're doing. So we may do a flood evaluation on a new location to make sure they're not going from one flood-prone area to another."

Hill recommends that dealers who are located in

IN DEALERSHIP COVERAGE



“When they first forecast landfall, we’ll start phoning and faxing dealers to let them know there’s a storm warning to get them started on their evacuation plans.”

Insurance has developed a comprehensive suite of property, casualty, and surety products specifically developed for automobile dealerships that can be tailored to the individual dealership’s needs.

“This suite of products was developed in partnership with nationally recognized commercial insurance underwriters,” Hill explains. “While a dealer will usually include most of the products under our Garage Insurance plan, they may choose not to include environmental coverage, for example, if they feel there’s little chance of pollution liability for the dealership.”

As with the Garage Insurance product suite, GMAC Insurance has also partnered with nationally recognized employee benefit providers, offering its dealers a comprehensive suite of healthcare and employee benefits, including the choice of several health insurance programs, life insurance, dental, vision, disability, as well as 401(k) and wealth management.

“Like many small- to medium-sized businesses, many dealerships are finding employee benefits very expensive. Availability is also a problem for many dealers. So GMAC Insurance believes that if we can offer dealers a differentiated and unique suite of products — that treats them like a small- to medium-sized business — it could help them reduce cost, retain employees, even hire new ones. This is going to be a real differentiator for GMAC Insurance, because none of our competitors offer this.”

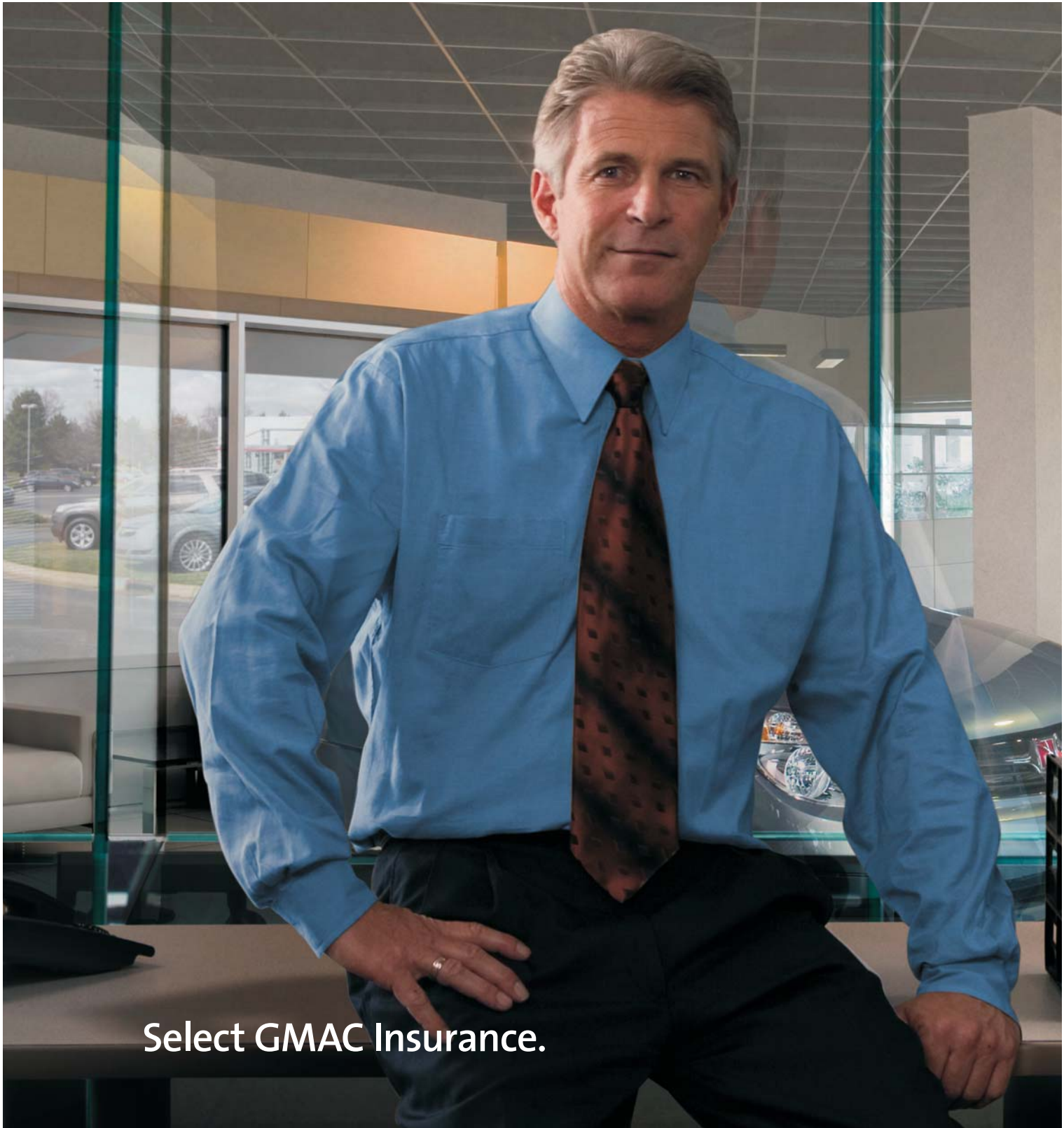
He continues, “We believe that if we put the right program together, we can offer a distinct advantage in benefits for dealerships. By helping to solidify that dealer relationship, with products and services custom-tailored to their particular needs, we have the opportunity to become a one-stop shop for their insurance coverage.”

According to Hill, “This comprehensive umbrella of protection helps prevent and minimize losses on the back-end, so our dealers can sleep easy at night. And when the worst does happen, a dealer can say, ‘Now I can recover, and move ahead.’” ■

flood- and hurricane-prone areas should check up-to-the-minute weather reports by clicking on the National Oceanic and Atmospheric Administration website link on the GMAC website, www.gmacfs.com. The NOAA site also provides hurricane landfall predictions so dealers can plan at least five days in advance prior to a hurricane touchdown.

“When they first forecast landfall, we’ll start phoning and faxing dealers to let them know there’s a storm warning and to get them started on their evacuation plans,” he says. “Once the hurricane’s track is refined, we’ll get more aggressive with our notices. The challenge is for a dealer to get ahead of the hurricane far enough, which is generally five days, before it hits landfall. That way vehicles can be moved, the dealership can be boarded up, and employees can get home to their families.”

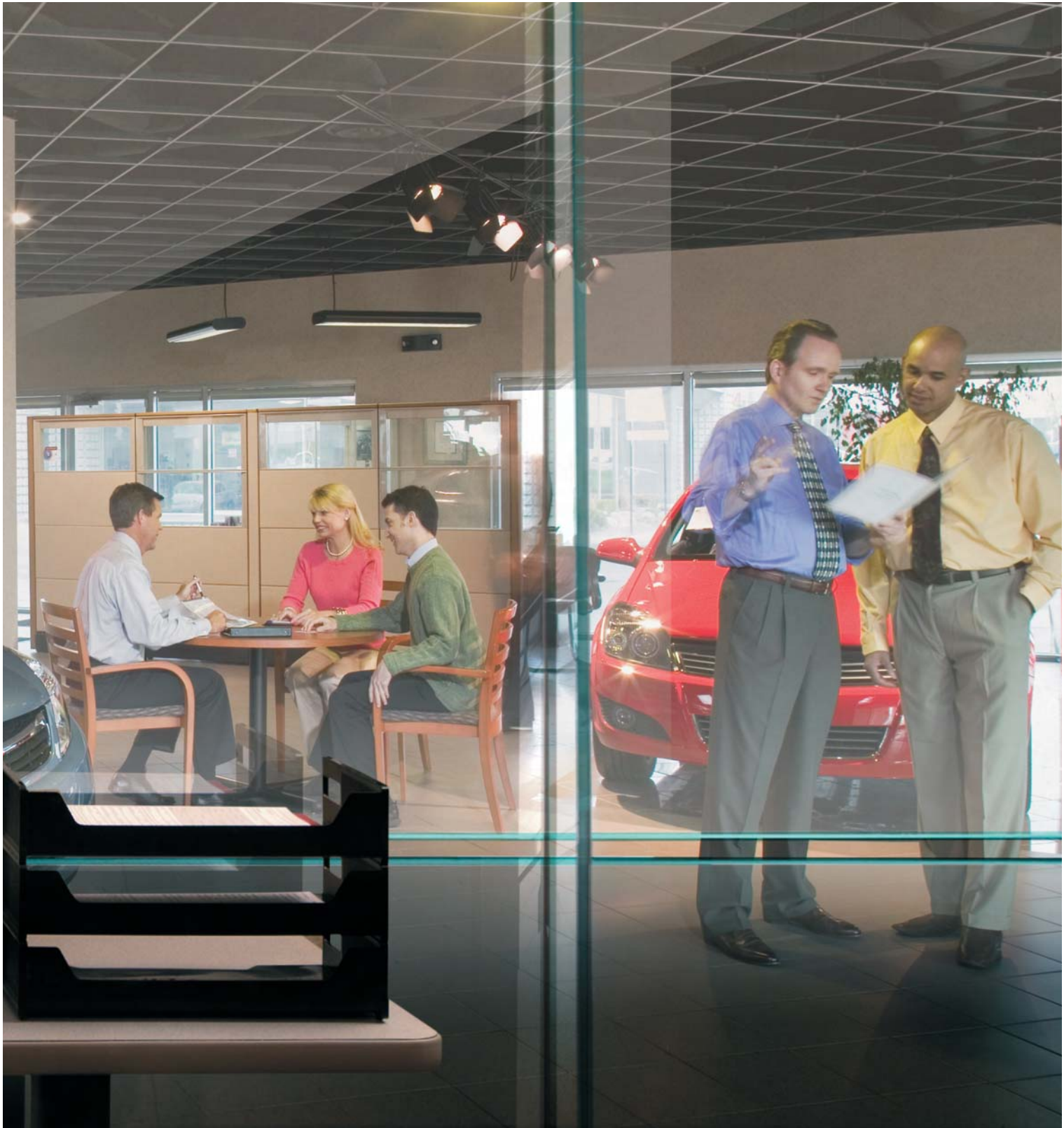
Adding to the risk management umbrella, which includes Inventory and Loss Protection, GMAC



Select GMAC Insurance.

All you've built. Your investment. Your security. Your future. That's our focus at GMAC Insurance.

A full circle of F&I growth, innovative risk management, and business development tools that can lead to longer-lasting, more profitable relationships – for all the brands you sell. Select from a complete range of best-in-class F&I and P&C offerings, all backed by the outstanding service and expertise we've provided for nearly 70 years. Select success. Select GMAC Insurance. Visit dealer.gmacinsurance.com, or call us at 877-357-8477, option 6.



F&I Growth | Risk Management | Business Development

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"DEALING" IN AN

As credit quality continues to decline and financial institutions tighten lending guidelines even further in 2008, dealers are getting creative to remain profitable at the back end.

By Cheryl Knight

With financial institutions tightening lending guidelines and restricting advances for F&I products, maintaining profitability in the F&I department isn't easy these days. F&I experts say the current situation puts more emphasis on properly structured deals, as well as lender relations.

Gross margin on the sale of new units fell almost 3 percent last year after experiencing a 2.3-percent increase in 2006, according to the 2008 NADA Data report. Penetration rates on vehicle service contracts (VSC) also fell one percentage point last year. The situation didn't get any better in the first quarter, especially with credit quality continuing to decline.

According to Experian, the higher-risk lending tiers increased 16.8 percent from the first quarter 2007, with the segments accounting for 43.43 percent of the total outstanding automotive loans at the end of the first quarter 2008. The only tier that lost ground was the prime tier, which decreased 9.9 percent to 56.67 percent of the market. The decline is of the reasons why financial institutions such as GMAC are reaching out to dealers.

GMAC Reaches Out to its Dealer Base

According to Andrew Wilson, Regional Managing Director for GMAC Insurance's Dealer Products & Services (DP&S), the key to remaining successful in the current economy is to address tighter lender buying practices by structuring the deal correctly in sales. The way to achieve this is by placing the customer in the right vehicle.

"To remain effective in the current market, F&I managers must get involved in the transaction early enough to assist the sales department in presenting the right vehicle along with the proper structure," Wilson said.

He added that a dealer's relationship with its captive lender is also crucial to weathering today's



economic climate. Typically, banks pull back or exit the marketplace when times get tough. That's not the case when it comes to a captive lender.

Responsible for the Eastern third of the United States, Wilson is responsible for building GMAC's F&I sales and consulting field team in that region. The team provides value-added consultative service and support to drive F&I performance, while enhancing customer satisfaction and compliance within the sales and F&I departments. "Our success is measured by our ability to assist our dealers in achieving their goals for profitability and productivity within their F&I department," he said.

Dealers Focus on Products That Drive Customer Retention

While working with his dealers, Wilson has seen a push by dealers to focus on retaining its customers. The key to achieving that is through F&I products. Not only do these products put customers in the service drive, but they also drive repeat and referral

ECONOMIC DOWNTURN



business. Products that enhance the customer's relationship include:

- Service contracts and maintenance agreements bring customers back to the dealership throughout their ownership cycle and offer the best level of customer retention.
- GAP brings customers back when they need to replace their vehicle.
- Tire and Wheel Protection and Dent Restore PlusSM brings customers back to the dealership in the event of a claim.
- Smart Lease/Buy Protect enhances customer satisfaction at the end of a lease or balloon note, improving the dealership's odds of getting a repeat customer.

Properly sold and administered, all of these products increase customer retention while improving fixed operations profitability and reducing future advertising expenses.

But how do F&I managers continue to sell F&I products when lenders are tightening advances?

"While always important, sticking to the fundamentals is critical when the industry is faced with a challenging marketplace," Wilson said.

Selling More F&I Products

Once the vehicle is sold, it is essential that the F&I manager interview the customer to both maximize down payment and identify the customer's needs.

"Once the interview is completed, the F&I manager must present all of the products to all of the customers all of the time," said Wilson. "The most efficient way to ensure this is to use a menu system that integrates with the store's DMS."

It is important to understand that while lenders are increasingly conditioning advances for both the vehicle and F&I products, the vast majority of lender approvals do not limit the customer's options. When it does occur, there are effective tools that still allow the customer to purchase products in the F&I department.

"The most effective tool is a Service Payment Plan, which offers zero-percent, short-term financing for vehicle service and maintenance contracts," Wilson said. "The ability to present this option in combination with a menu presentation is very effective. Our Intellimenu menu system has been updated with this feature."

All types of customers buy F&I products. However, when properly offered, a customer will buy products that fit his or her specific situation. That's why some dealerships are going beyond full disclosure and are opting for full transparency when it comes to their F&I processes.

"At DP&S, we have improved upon these best practices," Wilson said. "And the training that our Account Executives, Dealership Training Specialists, and Area Sales Managers are providing in dealerships today focuses on, first, determining the customer's wants and needs, and then delivering a customized menu presentation."

While the menu presentation is an integral part of the sales equation, the customer interview is what starts the process. It not only allows the F&I manager to gain a better understanding of the customer's needs, but it also allows the F&I manager to customize the menu presentation for the customer's driving and ownership habits. This is what GMAC Insurance had in mind when it

developed its Intellimenu.

"Our Intellimenu is the premier DMS integrated menu in the industry today," Wilson said. "Customers buy when the value of the product exceeds the cost. The in-dealership training that DP&S provides focuses on this process."

GMAC Insurance Responds to Market Demands

One of the biggest changes GMAC Insurance made this year was expanding its F&I product lines to cover non-GM vehicles. Fueling the move were predictions that 2008 would be the year of the used car. And despite used-car values dropping during 2008, the used-car market still represents a key profit opportunity.

"While our new product lineup, designed specifically for non-GM vehicles, allows our GM dealers to offer our superior MIC/GMAC-backed products with all

Once the vehicle is sold, it is essential that the F&I manager interview the customer to both maximize down payment and identify the customer's needs.

the vehicles they sell, the primary benefit to the dealer is that they can sell this product line in every dealership that they own, regardless of manufacturer," Wilson said.

These products will become a centerpiece for the future growth of DP&S as it expands its value-added income development service and support to include non-GM franchises owned by GM dealers.

While this new strategy addressed the need for a single provider of F&I products, GMAC Insurance also saw an opportunity to enhance its P&C Insurance offerings beyond inventory insurance. Now, the company's P&C Insurance includes garage liability and employee health and benefits.

"DP&S can fulfill all of the dealer's insurance needs by providing a complete suite of insurance solutions," Wilson said.

Florida Dealership Partners With GMAC Insurance

One dealership that continues to prosper during tough economic times is Tom Gibbs Chevrolet in Palm Coast, Fla. It recently decided to partner with DP&S and uses GMAC Insurance's service contract, maintenance, GAP, paint protection, and tire and wheel protection programs.

"We have found that service contracts, maintenance, paint protection, and tire and wheel protection are

good sellers because most of today's customers want to take better care of their investments," Gibbs said.

He pointed out that GAP is also a great seller, because maintaining and protecting a good credit score and the ability to purchase and finance a new car is extremely important to his customers.

And according to Operating Partner, General Manager and Dealer Principle Robert Gibbs, a long-term lender relationship is the key to surviving difficult times.

"It is not about jumping from lender to lender every time they release a new program," he said. "Those always come and go. Our strategy is to maintain a handful of lenders that we have a good history with."

Properly structuring deals in the current market is another primary key to success.

"Desking and Finance processes are vital," Tom Gibbs said.



PHOTO: @ISTOCKPHOTO.COM/WOWEN PRICE

"The consistent and proper use of these processes allows the customer to see all of his or her options and select the choice that best fits his or her budget and ownership needs."

That's why the dealership initiated a Customer Information Review Sheet, which allows the F&I manager to meet the customer, review their information, and set expectations for the completion of the delivery process. This is followed by an F&I Product Menu presentation that allows customers to see all of the products available to them.

"The F&I process is supported from the top down by Bob and myself, along with our entire management team," he said. "We get our training and additional support from our GMAC Account Executive Michael Barrett."

This partnership allows Gibbs to remain proactive, another critical factor in a down market.

"Our account executive helps us inspect what we expect," he said. "It also gives our F&I managers the tools and training they need to thrive in today's tough climate." ■

TRENDS IN SELLING F&I PRODUCTS



"Sell more F&I by selling more efficiently." This battle cry is gaining volume at an increasing number of dealerships nationwide. Process is the key, and timing is everything.

Time is what many customers don't have. According to recent research, a quarter of adult women surveyed "always feel rushed" in their daily lives, and this percentage rises to 36 percent among women with minor-age children. Time-strapped customers don't want to wait because there's a backlog of paperwork processing at the F&I office, nor will they sit still through a poorly executed presentation of products. Both F&I sales and customer satisfaction can suffer in these situations.

F&I managers have responded by embracing tools and processes, which help them do a more efficient job of presenting the most pertinent insurance

products to a vehicle purchaser, understanding the customer's needs and respecting his or her time. This is why the quality of the process is so important. At that point in time, these busy consumers have just invested time in selecting a vehicle, made a significant financial commitment, and are quite likely pleased that they have reached a decision, have a deal, and know "it's done."

GMAC Insurance has been at the forefront of F&I sales technology, processes, and training that begin with a "don't waste a customer's time" mentality, and end up producing greater F&I revenues for dealers. With the GMAC Insurance system, all of



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2008 FRONT-END OPERATIONS SUPPLEMENT

“The goal is to never keep the customer waiting, so the salesperson takes the opportunity to give the customer a quick tour of the service department and introduce the service manager, while the F&I manager plugs in the data to create the menu.”

the appropriate products are presented in a consistent and convincing way, with expediency, every time.

The sequence starts with the vehicle sale in the showroom. Once the vehicle is selected and there's a handshake, the F&I manager is asked to come out on the showroom floor and meet the customer. The F&I manager will confirm the type of vehicle and ask the customer about their expected mileage per year, as well as questions such as, whether or not they have an extended service contract on their trade-in. There are eight or nine qualifying questions in all.

Once entered into GMAC Insurance's IntelliMenu system, these answers will allow the software to select the appropriate products and exclude the ones that don't apply. For instance, if the customer is going to be driving 25,000 miles per year, the dealer will offer a high-mileage service contract as opposed to a 60,000-mile contract.

The data entry doesn't take long, thanks to the intuitive format of IntelliMenu. But the goal is to never keep the customer waiting, so the salesperson takes the opportunity

to give the customer a quick tour of the service department and introduce the service manager, while the F&I manager plugs in the data to create the menu.

Once back at the F&I office, the menu items are reviewed, selected, and the deal is concluded. This improved process allows the F&I manager to see customers more quickly, more frequently, and enables a consistent approach and presentation for each customer.

Vehicle Buyers Want Meaningful Options

Today's consumers, especially those in their twenties and thirties, tend to be impatient with canned sales pitches. They want to be engaged in the process of evaluating and selecting their purchases, and may have already done some homework on the Internet. They want options to discuss.

On the other hand, asking a customer to select from a roster of several dozen choices can be overwhelming and counterproductive. GMAC Insurance recommends that F&I managers use IntelliMenu to assemble four customer-focused package options that are presented, beginning with the most comprehensive package. As necessary, alternative packages are reviewed, with explanations of the protection that the customer will forgo as compared to the previous package. Total monthly (or bi-weekly) payments for the vehicle and coverage





are given. The point is to find the level of products that will meet their specific needs and that they are comfortable with in terms of cost and value. This puts the customer in control, assisted by the information you provide, and helps to eliminate the scenario where the customer has to repeatedly respond negatively by individually declining products within a long list.

“When the customer understands the benefits, and it’s presented properly and not being shoved down their throat, they tend to buy. And they feel good about it,” says Mike McHugh, Vice President, Sales, GMAC Insurance Dealer Products & Services Group. “It’s all process driven, and the menu enables it.”

The F&I manager gets a second opportunity to address objections, and the customer gets a chance to reconsider the products, when a declinations page is reviewed with the customer. This also becomes an important record of disclosure and compliance.

McHugh summarizes: “It’s proven that if you put a process in place, get the new software technology (a menu system), coupled with training and monitoring of F&I...you’ll get more F&I dollars.”

Finally, helping the customer to speed up the decision process without creating an environment of pressure is a significant customer-loyalty factor that can build both repeat business and referrals.

Extended Service Products Lead the Pack

Thirty-one percent of people buying vehicles are buying extended service contracts, according to 2007 research. The market potential is strong. GMAC Insurance now has added Repair Advantagesm to its line-up (alongside GM Protection Plansm and VehicleOnesm). Second on the list of best opportunities for many dealers is GAP (guaranteed asset protection), and GMAC Insurance has introduced two new products to further help dealers protect their customers in these uncertain economic times. Appearance protection products, including the new Dent Restore Plussm and Tire & Wheel Protectsm have become increasingly popular also.

“When the customer understands the benefits, and it’s presented properly and not being shoved down their throat, they tend to buy. And they feel good about it.”

Finding Ways to Improve F&I Operations – One Dealer at a Time

In many cases the most productive step a dealer can take in 2008 is to have GMAC Insurance perform a complete analysis of their F&I operation, right at the facility. They will spend several days observing, interviewing people, looking at processes used at the dealership, and examining the results. A comprehensive diagnostic report is the deliverable. Then GMAC Insurance will recommend improvements to the process, help put them in place, and setup the IntelliMenu and IntelliTracker systems based on the dealer’s F&I product roster. Higher product penetration, greater F&I revenues, and happier customers have typically been the result.

Value of Training

GMAC Insurance’s involvement doesn’t end with installing software. Its in-store Income Development Training programs tune your F&I and sales people into the process and puts the tools to work. GMAC Insurance is continually refining best practices based on intelligence gleaned from working hands-on with dealers, and these practices are passed on during training, giving the dealers a benefit similar to a 20-Group (without the cost).

In summary, 2008 brings us increased emphasis on looking at the big picture, the whole equation: analyzing a dealer’s needs and opportunities, gearing up with the right process, products, and menu-selling tools, training key people, and finally, tracking progress (via our IntelliTracker software) to tweak the program if and when its needed. ■

CLAIMS MAKING A



PHOTO: ©ISTOCKPHOTO.COM/ERIC HOOD

By Justina Ly

When it comes to claims processing, time really is money, especially when it comes to your customers. Learn about the advances GMAC Insurance has made to quicken the pace of its claims processing capabilities.

Since GMAC and its insurance companies were purchased in 2006 by Cerberus Capital Management from General Motors, the company has gained a stronger financial base and the flexibility to serve both market demands and dealer needs. For GMAC Insurance, the change provided a valuable opportunity for its claims operations department to provide excellent customer service to its GM and non-GM dealerships.

Top executives of the 68-year-old company, like Jack Liner and Henry Bolar, are at the forefront of implementing this customer-centric attitude. During a recent conversation with both gentlemen, who have spent nearly seven decades in the insurance industry, they emphasized the importance of customer service in the ever-changing field of claims processing.

Liner, who has 34 years of experience in the insurance industry, is the Vice President of Claims Operations for GMAC Insurance Dealer Products & Services Group. He has been with GMAC Insurance

since 1996. “Being in the claim business gives you a unique view of the world. It’s one that has a tremendous amount of satisfaction because you’re in a situation where you can take care of your customer base,” Liner says. He takes pride in leading a group that delivers what he likes to call “the promise” — a guarantee of sorts that dealer customers will receive quality service in their moments of need. “The comforting thought is when they do need us, we’re able to provide a level and quality of service they expect,” Liner says.

His colleague, Henry Bolar, has been with the company for 35 years and agrees that customer service is his top priority. “Customer service is the name of the game for us and that’s why we’re here,” says Bolar, who is the Director of National Mechanical Service Center for GMAC Insurance.

Besides customer service, dealers should consider financial stability, technology, and communication when selecting a potential F&I provider. A company such as GMAC Insurance, which has these qualities and ranks best-in-class among competitors, can provide dealer customers with the peace of mind that they’ll receive quality and trustworthy service.

“We feel very good about our financial standing. We think that represents us very well and that’s very important to us,” Liner says. A stable financial status allows GMAC Insurance to focus on implementing state-of-the-art technology in all of its operations.

Technology’s Impact on Claims Processing

Since VSCs were introduced to the automotive industry more than 50 years ago, much has changed in terms of claims processing. This change is led by technology. “Over the years it’s changed quite a bit. You’ve gone from a using a pad and pencil to an environment where you’re heavily automated,” Liner says.

“Going back to earlier days, we didn’t have computers at all. Every loss report was handwritten. We didn’t have 800-numbers, so the dealer had to bear the expense of getting in touch with us,” Bolar says. To help dealers achieve brevity in claims processing,

PROCESSING: LASTING IMPRESSION

GMAC Insurance empowers dealers to carry out a claims process based on a dealer's resources and capabilities. "It's based on a dealer's repair history, as to whether or not he can make repairs prior to discussing them with us," Bolar says.

A dealer with empowerment can process up to 90 percent of claims through the GM system without manual intervention. The claims are often handled immediately and payment turnaround to dealers is made within three days, a figure above industry standards. "We've done some benchmarking. We do hear stories that it takes other companies longer than that, about five to seven days," Bolar says.

In addition to empowerment, dealers have additional technological tools they can use to expedite the claims process and validate parts prices or labor time. "In the past we had hard copies of books (with those prices). Now we have an e-repository where our customer representative can verify, say parts pricing, from a database," Bolar says. "We have an edge on the competition because all of our tools are on an electronic Website."

Technology Fuels New Strategy

While GM-brand dealers with core products have direct access to automated solutions, non-GM dealers use a telephone response process. Soon these dual processes will be replaced by a futuristic servicing platform to handle all types of software and work with GM-brand and non-GM dealer customers. "We want to use more and more automated solutions. We want to focus on providing streamlined solutions that make it easy to do business with us. At the end of the day it's about efficiency and effectiveness with the dealer," says Liner.

He believes the company's growth potential lies with tapping into non-branded dealers. While the company moves to attract diverse dealers, it also realizes that some of its current customers are multi-brand dealers. GMAC Insurance's primary goal for these customers, as well as the new group of diverse dealers, is to provide a better, less complicated way for them to do business.

GMAC Insurance has also employed new wireless technologies into its field operations. Two years ago, the company added text messaging as a means of communication with its field claims appraisal staff. "When they get a text message they can respond to a problem within an hour or more on the same day," Liner says.

The commitment to using state-of-the-art technology in its dealership and field operations has allowed GMAC Insurance to provide quality service in its inventory insurance programs. "We're very proud of our inventory insurance program. We feel like we're definitely best in class. We think that one of our core competencies in claim handling is how we respond to those weather claims," Liner says.

GMAC Insurance will notify dealers of incoming natural disasters, such as hurricanes and tornadoes, and help them with a response plan. "We have a 'Move the Vehicle' program, where we actually assist the dealer by subsidizing some of the expenses he incurs in moving vehicles to higher ground or protective spaces," Liner says. The point of the program is to help dealers protect their assets and return to the business of selling cars as quickly as possible.

The company demonstrated its adaptability and nimbleness after Hurricane Katrina destroyed several dealerships in New Orleans. "We had a number of dealerships in downtown New Orleans that were completely wiped-out. Our field appraisal staff actually lived in motor homes to go in and out of the city to handle claims. That was pretty amazing," Liner says.

The commitment to dealer customers, whether GM-brand or non-GM brand dealers, is what separates GMAC Insurance from its competitors. The company values its relationships with dealers and works hard to maintain communication with them. "We want their feedback. We work hard in terms of how we communicate with the dealer," Liner says. "Communication — early, often, frequent — is critically important. There will be times misunderstanding can arise. We are open to questions and understanding concerns and problems." ■



WITH UWC

USING UWC'S ONLINE PERFORMANCE SUITE

With UWC's SalesDriver system, F&I managers can price, print and submit a contract in less than two minutes. To access the Web-based F&I sales system, go to sales.uwcdealers.com and log in using the username and password created by the dealership's UWC representative. From there, it only takes F&I managers four steps to complete a deal. Let's take a look at each step.



Entering Vehicle Information: SalesDriver can work with or without DMS integration. For dealers without DMS integration, simply enter the vehicle identification number and odometer reading before clicking next. If SalesDriver is integrated into the DMS, the system will automatically populate itself using information previously captured by the sales department. Users are only required to enter the deal number before clicking the DMS Data button. This allows SalesDriver to pull the deal information from the DMS.

Selecting a Plan: Dealers can select the type of plan and term using SalesDriver's default screen. Users can reduce the list of options using the drop-down filter lists. Dealers can sort by plan, term, deductible or price by simply clicking on the column name. Once the users have selected the plan, click "Next." Users will then see a selection of other available surcharge options that can be added to the plan to enhance the coverage. Once the added options are selected, the user simply clicks "Next" to confirm price.



Confirm the Price of the Contract: Once the plan and surcharge option are chosen, click "Next." This will bring up the Price Confirmation Box. If using DMS integration, the plan, price and customer information will automatically populate the screen. To make adjustments to the price of the plan and associated taxes, click the hidden button on the Total line to open the Price Detail box. Users can also make adjustments to price and/or taxes, but this is limited based on the authority of the user and state regulations.

Print and Send the Contract: Click the "Save & Exit" button to save the contract, as well as create a PDF. If the DMS integration feature is used in SalesDriver, the customer, vehicle and lien holder information will be automatically populated into the appropriate fields.



reporting and monitoring features. Now dealers can access reports online via a secure Website to monitor their product reports. Dealers can also obtain accounts receivable statements and risk management monitoring with loss ratio reports through the same tool.

"With the system's new enhancements, dealers, working together with their independent agency, can use the reporting feature to develop plans that improve or refine their current business," said Wheeler, who added that further enhancements to the system will be made in the near future.

Additionally, UWC changed its business accounting process to speed up the time it takes for contracts to be activated. Now, contracts submitted electronically will be activated and paid overnight.

"Looking ahead, I think technology will play a critical role in the success dealers are able to achieve," said Jeff Moon, President of UWC. "That's why we're so excited about SalesDriver. We think we've added tremendous value to our organization. Not only will it bring efficiency gains, but we believe it will revolutionize and simplify the process in the F&I area while truly increasing sales." ■

A Full Circle of Solutions from GMAC Insurance

F&I Growth

GM Protection PlanSM
Saturn Service PlanSM
Repair AdvantageSM
VehicleOneSM
GAP Care AdvantageSM
VehicleOne Primary GAPSM
Tire & Wheel ProtectSM
Dent Restore Plus
SmartLeaseSM Protect
SmartBuySM Protect
And many more ...

Risk Management

GMAC Wholesale Floor Plan Insurance
Motors Inventory Coverage
Garage Insurance
Health Care
Dental
Life Insurance
COBRA Compliance Administration
And many more ...

Business Development

Income Development Training
Menu Systems
e-Solutions
Performance Reporting

GMAC Insurance