

Delivery Coordinator Success

Training and Guidelines For The Delivery Office

A White Paper



**MARINE DEALER
CONFERENCE & EXPO 2016**



Produced by First Approval Source

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1. F&I Success Through The Delivery Coordinator

Rapidly replacing the traditional Finance Manager role, the Delivery Coordinator has the ultimate responsibility for ensuring that the customer has a truly delightful boat buying experience.

While customer experience is a full store responsibility, defined by management, initiated at reception and developed through sales, it is up to the Delivery Coordinator to complete the sale in such a way that the customer always leaves smiling.

Among the many responsibilities of the Delivery Coordinator are:

- If the customer has indicated that they are paying cash, explore the possible benefits of financing
- If the customer is financing, obtain the best finance package for both the customer and the store
- Present the value propositions for the available backend products
- Coordinate rigging a boat prep with Service
- Ensure proper preparation and completion of Closing Documents
- Execute the closing
- Encourage the customer to complete an online review and makes sure that the customer leaves with a smile

The role of Delivery Coordinator is not an easy one to fill. It is not necessary that the person have a heavy, or even any marine background. Virtually all of the industry specific knowledge can be taught.

The key attributes of the Delivery Coordinator are:

- Experience dealing with a wide variety of customers in a wide variety of settings
- Pleasant personality
- Strong, non-aggressive, consultative sales skills
- Detail oriented/high attention to detail
- Team player/team builder
- Quick learner

Today's Delivery Coordinator merges the traditional Finance Manager Role with a high-value outbound customer service function. When the person in this role is supported by Sales, Service and Management Policy, they will be the key in delivering F&I success.

The balance of this White Paper will focus on F&I fundamentals for the Delivery Coordinator.

2. Closing the Deal – Lenders, Programs and Processes

Once a customer has been introduced to the Delivery Coordinator, the first thing that the Delivery Coordinator must do is obtain financing. In the event that the customer has stated or states that they are paying cash, the Delivery Coordinator must be in the position to discuss the benefits of exploring financing.

Conversion of a cash buyer to finance is not a high-frequency event, but it is a disservice to both the customer and the store not to have the discussion. This is also a sensitive conversation, as it is illegal to tell the customer that they can actually save money by retaining an investment and financing the boat – especially where a down payment is involved. This conversation has to go along these lines – "It is great that you want to pay cash, that can make things really easy. We have found, though, that there is often a high correlation between cash buyers and very strong credit profiles. We have seen some really good rates, rates below tax free yields in some cases, even low or zero down payment requirements. I would be remiss not to suggest that we at least take a look and see what we can do."

Even if this ends up working with no reserve, it still makes it easier to sell backend.

Once it has been determined that the customer is financing, the first thing a Delivery Coordinator must do is get a complete Credit Application. In order to pull a Credit Report from a bureau, there is very limited set of required information, typically: Full Name, Address, Phone, Social Security Number. While this is sufficient for the bureau pull, it is far from sufficient for submission to a lender.

The minimum information required for lenders is: Full Name, Current Address, Phone, Drivers License Number and State, Previous Address if at Current Address for less than three year, Current Employer, Employer Address, Employer Phone, Current Position, Current Income, Previous Employer information if at current employer less than three years, Other Income and Source of Other Income, Name of Relative Not Living With Applicant along with an address and phone number. If there is a Co-Applicant, all of this information must be obtained. It is often easy to try and let the customer/applicant try to short-cut providing all of this information – it never works.

Once the Delivery Coordinator has the needed information, they should pull a Credit Bureau Report. There are three major bureaus: Equifax, Experian and TransUnion. The first choice to be made is which bureau to pull. While there are choices here, it is important to note that with one notable exception, this pull is simply for the purpose of providing guidance as to which credit tier applies to the customer – every lender will pull credit again once they receive the full credit application. If this is the only consideration, you should use the bureau which typically pulls the lowest score in your state. In most of the country, this will be Equifax.

There are lenders who offer "auto-approval" programs. With these programs, the dealer can, if the customer's credit profile meets certain very specific criteria, and the deal falls within specific limits, offer financing on behalf of the lender and complete the contract ahead of submitting to the lender. Typically the dealer will receive an extra 0.25% of reserve and the transaction can be completed more quickly and without other stipulations needing to be met.

These can be very attractive programs. They must be approached with great caution. If you contract based on one of these programs and the customer subsequently turns out not to have met all of the program criteria, the lender will not fund the deal and you, as the dealer, will be "hung out" with a binding contract with the customer that is not funded by the lender.

All of these programs have Credit Score requirements and each lender has a specific bureau that they require for that score. If you intend to avail yourself of one of the auto-approve programs, you must pull the bureau which the lender behind the program requires. These will vary by lender and by state. If you are looking at multiple possible programs, there be multiple bureau pulls required (which costs more money for the dealer – in this particular case, pull the highest pulling bureau first, typically TransUnion – if appropriate), to see if it is even worth pulling the others).

Once the bureau is pulled, it is up to the Delivery Coordinator to understand every lender's program and determine to whom to submit the deal.

Every lender has a very specific credit/customer profile that must be met or exceeded in order to obtain an approval. The Delivery Coordinator should build a comprehensive table that shows, for each lender, the following criteria:

- Min Credit Score
- Max Debt to Income
- Max Loan to Income
- Max Payment to Income
- Max Loan to Value
- Min Income
- Min Credit History (Mths)
- Co-Apps/C-Signers Ok?
- Min Down Payment
- Min Loan Amount
- Max Loan Amount
- Bankruptcies OK
- Child Support Collections OK
- Any Collections OK

- Credit App Submission by Fax
- Credit App Submission by App One
- Credit App Submission by Dealer Track

For some of these criteria the lender will have a System Decline (meaning the application will automatically be Declined if the item falls above or below a certain number). You should never submit a Credit Application if it falls into a System Decline category – although it is always okay to talk to an underwriter if you think that there are clear mitigating circumstances

Ideally, the Delivery Coordinator will have two – three Prime lenders (those who only take applications with Credit Scores of 680 or higher and have other criteria). None of these should have nearly identical criteria beyond the Credit Score.

There should be two – three mid-tier lenders (630 – 700). Local credit unions with indirect lending programs and some local or regional banks may satisfy this tier.

Finally the Delivery Coordinator will need two – three non-prime lenders (550 – 650).

Once the decision has been made as to the correct lender(s) for submission, the Delivery Coordinator must prepare, and include with the submission, the Deal Structure. The Deal Structure will always include:

- A complete description of the inventory being purchased
- The total Selling Price
- A description and value of any Trade-In
- The Down Payment (almost all lenders require 10% down or more)
- Any included fees: Doc Fee, Tax/Title/License, Prep Fees, UCC Fee, Doc Stamp Fee, etc.
- The Total Amount Financed

A complete application, which includes all customer information and Deal Structure can now be sent to the selected lenders.

Once the application has been submitted, the Delivery Coordinator will begin to receive acceptances, declines or requests for more information. Acceptances may come in two forms: Accepted as long as everything submitted is what comes in with the funding package, or; accepted with stipulations.

Stipulations are additional requirements that must be met before the application is accepted as contractible. Most typically, these will be "Proof of Income" and will require that the customer provide either paystubs or Tax Returns or both. These must be submitted to the lender before contracting. Other types of stipulations include proof of address, etc.

Assuming the customer has qualified for financing, the Delivery Coordinator should now have choices of lenders. In any case, one lender or multiple lenders, the choice of lender must be

balanced between what is best for the consumer in terms of down payment, interest rate and loan term, and what is best for the dealer in terms of possible reserve and selling the unit.

For prime lenders, the Delivery Coordinator will get a "buy rate" from the lender, meaning the minimum interest rate that the customer can get. Based on the lender program, they then have the ability to "bump" that rate by as much as, typically, 2%. This "bump" creates the "reserve" which is the amount retained by the dealer and which can be as much as 7% of the amount financed (on \$100,000 financed, the reserve could be as much as \$7,000 – all going directly to the dealer).

Other lenders may simply offer a Contract Rate which carries with it a specific reserve.

The Delivery Coordinator should always talk to the customer about the best rate for the dealer first, without naming the lender. If the customer pushes back, the Delivery Coordinator can say, "I understand that this doesn't feel great. It may be the best that I can do. I'll push back on the lender and see what I can do." It may be possible to come with a 0.25% decrease that helps the customer and still supports the dealer.

Once the customer has accepted the rate, the Delivery Coordinator can begin the discussion of Backend Products – which is the subject of the next section.

When the customer is ready for delivery, the Delivery Coordinator must prepare the Closing Documents, which include:

- The Retail Contract with the lender
- The original Credit Application signed by the customer
- A complete Insurance Binder with a visible deductible of \$1,000 or less and the correct lienholder address for the lender
- Any title/registration documents for the state of title/registration

Finally, the documents must be delivered to the lender, either by overnight or fax, whichever is acceptable.

3. Presenting and Selling Backend Products and their Value

The Delivery Coordinator must have a full suite of backend products. The minimum suite will include:

- Extended warranty – both engine and accessory
- Environmental protection products
- Tire and wheel (sometimes called Tire Road Hazard)
- GAP Waiver
- Pre-Paid Maintenance (this is not actually a Backend product, but it is sold at the same time and in the same way)

Typically you will have several extended warranty products, some by the manufacturers and some third party.

Extended warranties are good on virtually every sale, as are environmental protection products. Tire and wheel is appropriate when the customer will be trailering their boat. GAP Waiver should be presented every time the customer is putting down 20% or less.

Each lender will have slightly different rules for backend product allowances, so you will want that information to be part of your lender detail.

With these products, your Delivery Coordinator will be well equipped to sell backend effectively.

The Delivery Coordinator must present backend products based on payment and not cost to the greatest extent possible. "Here is what you get for only \$25 per month, imagine what it would cost if xyz happened."

While Sales should be introducing these products early and often, they should never be discussing price. When backend product cost comes up early in the sales process, the answer should always be, "Gee, I just don't have the rate sheets, but I'll make sure that our Delivery Coordinator goes over that with you."

The Delivery Coordinator is the expert on backend pricing. They always present backend products as bundles using the McDonald's small, medium and large bundle concepts. A-le-carte pricing is always a last resort.

The Delivery Coordinator must have a story to tell which illustrates the value of the product and, while being aware of the features, must always present value over features. They must be able to completely humanize the value of every product.

Ideally, the Delivery Coordinator will have a Menu-Based selling system for the backend product. Regardless, they will present backend product option to every customer, even those who truly are paying cash. (For cash buyers – they are paying cash because they do not want payments, paying cash now for the backend products will prevent future payments.)

4. Empowering The Customer Decision

The job of the Delivery Coordinator is to put everything together for the customer in a way that makes sense, makes the customer feels great and maximizes profit for the dealer. It is to be completely accurate when it comes to the details of Credit Application Submissions and Closing Documents while also being able to consult with and adjust to the customer requirements on rate and backend.

The Delivery Coordinator is a team player who ensures Sales that their deal will not be lost and Service that their effort will not be wasted, while relying on Sales to tee-up the backend products without killing the sale by saying too much.

The Delivery Coordinator empowers the customer to make the best possible decision for the dealer, while enduring that the customer leaves with a smile.

5. The Special Case Of Third Party Providers

Some dealers use third party financial service providers. This does nothing to diminish the role of the Delivery Coordinator.

When a third party provider is used, it is in partnership with the Delivery Coordinator.

The specific rules of engagement may vary depending on the provider. The basics of the cooperative relationship ship always include:

- Delivery Coordinator provides complete customer application and third-party verifies
- Third party addresses and handles all credit application submission and "auto-approval" issues
- Delivery coordinator ensures, through dealer sales, that backend products are appropriately introduced without prices
- Third party maximizes reserves and backend product sales
- Third party prepares all appropriate Closing documents
- Delivery Coordinator verifies accuracy of Closing documents on receipt
- Delivery Coordinators ensures delivery of Closing documents to lender in a timely manner

A dealer should never be using a third party when the use of that party costs them more than 30% of F&I profit and when there is more than \$10,000 per year of backend profit from the dealership, this ratio should be much closer to 20%. When dealers use third parties, it must be a true partnership.

6. The Complete Delivery Coordinator

The Delivery Coordinator is a special role. It is a transformative role and must stay as one. It changes, forever, the negative view of a Finance Manager to the very exciting role of the person who gets the customer into their new unit.

The Delivery Coordinator is part customer service, part sales, part counselor, part confessional. They are the person who, after having been greeted well and sold well, stands to make the customer's dreams come true. They are the face that makes the boat a reality in the customer's experience.

The Delivery Coordinator knows:

- How to Credit Applications right
- How to know which lenders should receive credit applications
- How to put together the best offers for customers

- How to present and sell backend products
- How to prepare, validate and complete Closing Documents
- How to submit complete Closing packages to lenders

The Delivery Coordinator is your key to F&I success.

7. The First Approval Source Difference

For years, First Approval Source has been helping dealers increase their profits while satisfying the financing requirements of their customers. The leader in customer service and customer satisfaction, the First Approval Source team is known among its dealer community as the quickest, most flexible, most responsive and most focused outsourced F&I provider in the industry. With a broad variety lenders to work with and years of experience in the marine and recreational vehicle industry, First Approval Source is often able to succeed in obtaining financing where others fail.

First Approval Source is your profit services company. Unlike the narrow view taken by traditional financial services providers, First Approval Source starts by recognizing that more and better qualified leads results in more unit sales. Once we have helped drive the increase in unit sales, then our attention turns to helping deliver more profit per unit.

Unlike any other provider in the industry, First Approval Source starts with doubling highly qualified finance leads. It then serves as a comprehensive financial service resource for all F&I issues and requirements. Through its unique dealer website offering, First Approval Source is also able to assist dealers in gaining more, finance ready, highly qualified leads.

When you think [First Approval Source](#), think:

- The **best** customer service in the industry – rated 10 out of 10 by our customers
- **Best** available rates based on the customer's situation
- **Unique fee structures** that offer you the opportunity to truly maximize profits starting with an 80% split for at least the first year
- Consumer credit improvement services
- The only provider to enable dealers to capture more, high quality leads using the only **real time soft credit pull** technology
- Unique First Glance reporting which provides the dealer a snapshot of the customer's credit profile and likely finance outcome within 30 minutes of credit application submission
- **Dealership Management** technology
- Website **development and improvement** programs
- **Reputation** Management
- New and exciting **Social Media** campaigns
- Customer/loan approval rates **in excess of 80%**
- **Credit Improvement** programs

- **Complete** electronic transaction processing
- **24/7 access** to the status of your transactions

The dealer's partner in all things F&I, First Approval Source continuously strives to maintain and improve on its "best in the industry" reputation. Originally founded by a team with over 30 years of dealership experience, First Approval Source knows what it takes to make you successful.