

When Did “Cash” Become a 4-Letter Word?



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It is a typical day in the business office, and the energy is high because everyone is on a roll selling products. Then, a salesperson comes in and says that he has a cash deal. You can instantly feel the energy drop. When did “cash” become a 4-letter word to the business office?

Sadly, this is the thinking and attitude that some business managers have when a cash deal comes across their desk. Where

is the rationale that you cannot make money on a cash deal coming from? It may have started back in the day when F&I consisted of rate participation, Vehicle Service Contracts, credit life, and credit disability. During this time, the F&I revenue streams dropped by 75% when a customer paid cash. This drop greatly hindered the opportunity for business managers to make money and may have caused the negative connotation for “cash deal.” However, today’s product line-up gives business managers a great opportunity for increased revenue on cash deals. We just need to take it!

Here are some different point of views regarding cash deals, as well as ideas on how to increase effectiveness with your cash customers.

Attitude adjustment

Embrace the cash deal! We often take a negative attitude towards the cash customer. Maybe not on the first cash deal we get, but if we get a few in a row, then we tend to pass those to another business manager. Try to look at cash deals this way – if they can write a \$40,000, \$50,000, or \$60,000 check for the vehicle, then they can most likely write a check for \$45,000, \$55,000, or \$65,000.

Consider that when most people write you a check, they are still on a payment plan

Everyone has a minimum amount that they are comfortable keeping in their accounts; their Mendoza Line, if you will. When balances fall below that line, they usually have an idea of how they will replenish those accounts. It is just a matter of figuring out which repayment strategy makes the most sense for them; using their savings to replenish the account or financing to keep their savings intact. Of course, one exception to this situation is if they are independently wealthy. So, next time you see a customer with their checkbook, remember that cash customers are no different than financing customers. Ultimately, they are all on some type of payment plan and should be approached the same way when presenting F&I products.

Never have them write the check before coming into the business office

If a customer writes a check before getting to the business office, the business manager’s job has now become more difficult. We have all witnessed that the customer seems to develop a mental block about purchasing F&I products if they have already written the check for their vehicle purchase. Something psychological happens and they do not want to rewrite a check or write an additional check. If you see a trend of customers coming to the business office with checks already written, take some time to talk with the sales department and explain the road block that business managers experience when this happens. If the salespeople are aware of this, they can make sure cash customers do not pull out their checkbooks until they are in the business office.

Have a good mix of Ancillary products available

Review your Ancillary product offering to ensure you have products for every type of customer. Often, cash customers are purchasing preowned vehicles which include older models with high miles. Have products that accommodate this type of vehicle so there is an opportunity in every deal. A few Ancillary products that would be ideal for this situation include theft, road hazard, and environmental protection. These products cover a wide variety of year models without mileage limitations.

Keep the main thing the main focus

Do not loose site that your main focus is to conduct a proper interview and based off of that, present the protective products that make the most sense for the customer to purchase. However, with cash customers, it seems that we too often shift our main focus to converting them and immediately talk about financing the vehicle. Wait until after you have established some credibility with the customer through a proper interview before trying to convert them. That way, if you are not able to change their mind about how they pay for the vehicle, you will still have a good opportunity to discuss the main thing – the F&I products.

After all, I’m sure we are all okay with a customer buying products in cash!

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