



F&I Closing Routines

Introduction

I understand. You're probably like a lot of my customers. You don't want to spend money for something you're not going to use. To see if this might be beneficial for you, do you mind if I ask you a few questions? *No, go ahead.*



The Perfect Car Close

Would you be happy if your car gave you 95% perfect service?

Yes.

That's exactly what most people say, but the truth is that 95% perfect service would mean that your car would be in the shop every twenty days and that's not why you're buying a new car is it?

No.

Would you be happy with 99.9% perfect service?

Yes.

That's about as close to perfect as we're going to get, isn't it?

Yes.

As we talked about earlier there are about 15000 parts that make up 5000 components that are controlled by 60 electrical systems and computers on most cars. If our car is 99.9% perfect, that means that we need to budget for one tenth of one percent of our components failing. 5000 multiplied by .001 = 5, correct?

Yes.

If your vehicle is being repaired you're probably going to have at least 1 hour of labor would you agree? We know that for every hour of labor there's usually 1 ½ times the dollar amount of parts, so for a one hour repair at \$100 labor rate the total would be \$250 when you add in the parts. Do you follow that?

Yes.

Perfect Car Close, cont

If you were lucky enough to have only one hour of labor involved for each component that we need to budget for, we would budget for 5 failures at \$250 apiece. Most repairs are higher than \$250, but let's be conservative. Do you follow my logic?

Yes.

Now let me ask you a question. What would happen to the \$1250 if the car that you picked was 99.8% perfect?

It would double.

And if the vehicle you picked out today were only 99.6% perfect you'd have a cost of \$5000 right? And that's assuming there would only be one hour of labor each time. If on the one hand, I had a contract that would write a check for that \$5000 and on the other hand, I had a contract where you would have to pay for that \$5000. Who would you rather have take the risk? You or us?

You guys!

I couldn't agree with you more. So I think the real question is whether the 5 year 75,000 mile program that matches your finance term or the 6 year 100,000 mile program which matches how long you would like to keep the car is the better program for you. Which one would be best for you and your family?



The Perfect
Car Close Visual

99.9% Perfect Car =
5000 components X .001 = 5 repairs
5 X \$250/hour = \$1250

99.8% Perfect Car =
2X \$1250 = \$2500

99.6% = **\$5000**

Strategy for using the Perfect Car Close:

WHEN TO USE IT:

The Perfect Car Close is a “Value” objection handling routine. That means the customer is saying things like “I don’t need it” or “I don’t think I will use it” or “I don’t think it is worth the \$2000 it is going to cost”. This close will not be helpful if the customer says “I don’t think I can afford it.”

The purpose of the close is to demonstrate in a surprising way that the cost and frequency of repairs is so unpredictable that you are better off letting the insurance company take the risk than you!

SETUPS THAT MAKE THIS CLOSE POWERFUL:

Two key points are established during this closing routine. We establish the COMPLEXITY of all cars by describing the number of working parts, components and electrical and computer systems. We establish the HIGH COST PER HOUR of repairing these complex cars by describing labor rates per hour combined with parts cost per hour. This COMBO REPAIR COST PER HOUR is generally about \$250. These two components, high number of working parts and high repair cost per hour yield an expensive cost for unscheduled repairs that makes LARGE JUMPS when you increment the failure rate by each one tenth of one percent.

THE REVEAL:

The power of this close is a function of the REVEAL. Like a good joke, a close works best when it has a punch line, a reveal that is surprising to the customer. The surprise is how the cost of repairs jumps dramatically when the failure rate moves by one tenth of one percent. The implication is that no one can predict how reliable a car is going to be if small changes in failure rate generate large changes in unscheduled repair cost. By changing the failure rate a very small percent, (one tenth of one percent) the customer is taking on uncomfortable liability for which it would be very difficult to budget. The conclusion is that rather than try and luckily hope for a super low failure rate, it is safer and smarter to pay a set monthly amount and lay off the risks to the insurance company.