

# Overcoming Payment Obstacles

By Tony Dupaquier



An all too familiar situation that a business manager encounters when closing a deal is when the customer sees the need for the product and has decided to buy the product, but is hesitant to purchase due to payment issues. It may be because the customer is uncomfortable with the payment or he/she feels that the payment is

simply too high. Business managers must either justify the payment or find a way to offer payment relief to the customer while still maintaining the integrity of the product.

When the business manager simply discounts the price of the product or offers the product “at cost,” the integrity of the product is diminished. If you were the customer and a salesperson continued to lower the price, I am sure we would both do the same thing—wait for an acceptable price before agreeing to purchase the product.

In previous articles, I discussed the option of having the customer reduce his/her coverage while reducing the business office’s profitability in order to close the deal. This technique is highly effective. Before attempting this, have the customer participate in a payment relief scenario.

Before discounting the price or changing the coverage of the product, try explaining the benefits of an additional initial investment. This initial investment will give the customer benefits that will continue throughout the entire length of the loan. The most predominant benefit of an increased initial investment is a lower payment. Everyone

wants a lower monthly payment! When the customer makes an initial investment, the additional benefits include the ability to build equity in his/her new vehicle, a faster trade cycle (a direct result of the additional equity), and, over the long term, the customer will incur less finance charges.

The manner in which the idea of an initial investment is presented to the customer is extremely important. Below is a script that has always worked well for me.

“Mr./Mrs. Customer, there are four primary benefits to consider when deciding on your initial investment. First, the initial investment will help you lower your monthly payment. Second, it will help you build equity in your vehicle. Third, the equity that you build in your vehicle will allow you to trade your vehicle more often. Finally, this initial investment will result in a lower loan cost. Taking these four benefits into consideration - a lower monthly payment, building equity, purchasing a new vehicle more often, or a lower loan cost - which would benefit you most?”

In most circumstances, the customer would like to lower the payment. An appropriate response to his/her reply would be,

“Great, so would I. You told me that you want a lower payment. Every dollar you put down today will give you that lower payment, and, with an initial investment of \$X,XXX, you will be able to have the products and services you need with the lower payment you desire.”

One thing to keep in mind is to NEVER ask the customer, “Would that be okay,” “Will that work,” or “Can you do that?” The business manager should tell the customer that he/she can invest in the initial down payment.



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In today's world, customers want all necessary information in order to make an informed decision. Many customers do not want to be "sold" in the traditional sense. Allow the customer to self-discover and he/she will be more accepting, and there will be a greater chance he/she will make the decision the business manager would like them to make. It is the business manager's job to lead customers to the water or to make them drink? The answer is neither. His/her job is to make them thirsty and show them how to quench that thirst.

Always take into consideration the amount of money the business manager is requesting the customer to invest and the payment he/she is trying to achieve. Try to avoid accepting the payment amount the customer suggests. In most cases, the customer can and will agree to a few more dollars. The customer may not agree to an additional twenty dollars, however, they may stretch anywhere from seven to nine additional dollars a month.

Do not ask for an additional investment in the exact amount needed to achieve the payment the customer previously accepted. Asking for the exact amount needed to achieve this payment may seem too large, and it will be easier for the customer to say no! Ask for the initial investments in \$250 and \$500 increments. Although it

is discouraged as professional negotiators to split the difference when working with a payment and an initial investment, in certain situations it becomes necessary to split the difference to close the deal.

A question often asked is where can the customer obtain the additional money needed for the initial investment? The additional investment can come from the monthly payment on the vehicle being traded in. Once a vehicle is purchased, usually a payment is not required for 45 days. The customer would have the money remaining from the payment on the old vehicle to supply as an initial investment. Did the customer purchase the vehicle from your dealership? If so, an F&I product refund can be credited toward the new purchase.

Before reducing the business office profitability, changing product coverage, or negotiating in a single direction, explain the benefits of the initial investment. More importantly, find out which benefit will be most advantageous to the customer.

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