

# Stop Negotiating in the Business Office

By Tony Dupaquier



The business office is not the place to negotiate. The products and services sold in the business office should not be subjected to negotiations. However, in too many instances, payment relief is needed.

Extending the term of the loan is one way to offer payment relief. Although a

lower payment will be achieved with a longer term, this technique is usually not in the customer's or the store's best interest. Cash down from the customer is the best bet and the first strategy to utilize when a customer needs payment relief. Once the customer says that he/she would like some of the benefits offered but needs a lower payment, calculate how much cash would be required to achieve that payment. Cash is king in the automotive industry! I know that every salesperson walks in the business office saying the customer does not have anything to put down, however, business managers are the best closers in the dealership, and have the ability to encourage the customer to make the investment.

Let customers know that their personal investment in their new vehicle has four primary benefits. These benefits include a lower payment, the ability to build equity, a faster trade cycle, and a lower loan cost. After explaining the benefits of a cash investment, ask the customer which is most important. The majority of customers will say lower payments. The proper reply to the customer is this,

“Since you told me that having a lower payment is important to you, an additional investment of \$\_\_\_\_ will put you closer to the payment you desire, and you can

have the products and services you want.”

Isolate what is important to the customer because if the customer does not see the benefit, it is merely an expense.

The product most often sold in the business office is the service contract. Unfortunately, it is also the product that is most often negotiated. Many business managers price a service contract from cost up. This leaves minimal profit after negotiations. I recommend starting at the recommended retail price. Starting at full retail allows for payment relief while still gaining acceptable gross profit.

Another avenue of payment relief is credit disability coverage. Since credit insurance rates are set by the state, the price is not negotiable. Always offer the customer coverage with the shortest retroactive period available. Once the customer has agreed to participate in the benefit in principle, all the business manager must do is meet him/her with the payment. In most states, both 14-day and 30-day retro period disability programs are available. If the 14-day retro period is cost prohibitive, move the program to a 30-day retro period.

Remember: When payment relief is needed, start by illustrating the benefits of cash investment. Dealerships will enjoy increased gross profit and product penetrations when the customer sees the benefit of cash investment.

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