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F&I - Should you eliminate rewards for reserve altogether?

That's the approach dealer Dave Sinclair has taken at his St. Louis stores. His reasoning: He doesn't want to create an incentive for F&I managers to mark-up rates because, once you mark up the rate, it makes it more difficult to sell products.

"I can defend a product sale, but I can't defend a rate mark-up," says Sinclair, who notes he lost a couple F&I managers when he implemented the change several years ago. The store monitors average income and product penetrations to ensure F&I managers are not over selling customers on products they don't need or want.

Some F&I consultants say the approach, while laudable in principle, is tougher to work in reality. "I don't think you should not pay someone for generating income in that area," says Becky Cherneck, an F&I consultant and menu sales trainer for FYIFI, Inc.

Another issue: You need to make sure that any rate your sales desk offers a customer remains consistent when they get to F&I, cautions F&I consultant **Gil Van Over** of gvo3 Consulting, Schererville, Ind. Changes to the rate to include product sales is considered payment packing, he notes. n

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