Automotive News

Q&A

JM&A chief on the poker chip staffing strategy

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As president of JM&A Group, Forrest Heathcott has a window into the many strategies employed by dealers to sell F&I products.

JM&A Group, of Deerfield Beach, Fla., markets and administers F&I products such as extended-service contracts and prepaid maintenance as well as offering dealership training and other products and services. It is a division of JM Family Enterprises Inc.

Heathcott, 55, joined the parent company in 1993 and has been president of JM&A Group since 2007. He shared his views on hybrid sales staffs, speeding up the process, menu length and more with Automotive News Special Correspondent Jim Henry at the National Automobile Dealers Association convention in Orlando this month.

Every dealership group I talk with is trying to sell more F&I per vehicle, partly because they're worried about regulations for dealer reserve. Business must be good.

The dealer business, from our perspective, the profits are as strong as they were when it was a 16 million SAAR. Our sales were up year over year 12 out of the last 12 months. Four or five months in 2012 we had any-time sales records. That tells us dealer business is good, and F&I is a big part of that.

Our contract volume is larger -- by a substantial amount -- at last year's SAAR than it was when the SAAR was 16 million.

Some dealerships are using hybrid salespeople who can do both sales and F&I. What do you think?

We are still advocating more of a traditional model. Dealers are finding they are losing something when they go to a hybrid model. We don't get ourselves too bogged down in that; it's up to the dealers, of course.

A key component is that selling the car is the first priority. Nothing else can happen until that happens. Some dealerships are good at it. They tend to be really small. But most dealerships that try it tend to lose F&I penetration and profitability. F&I managers are humans like everybody else, and we tend to take the path of least resistance.

Part of the idea of hybrid salespeople is to speed up the process.

We are trying technology to speed up the process, to make it quicker and easier. I would say we're speeding it up, but the customer needs to sign more papers than when you buy a house.

What about separating the administrative work from the sales function -- having someone else fill out the paperwork so the F&I manager can concentrate on sales.

We have stores that when they have heavy volume, they divide it up like the poker chips: The blue chips are the most valuable ones, then red, then white. You can have your key selling people handle the blue-chip business, and you can have skilled, key admin people handle the white chips.

Administrators are always coming up with new products, but the big dealership groups say they want to limit the menu to three or four items. Can anything new out there catch on?

We advocate a core offering. There's always somebody who's going to knock on the dealers' door and tell 'em they're going to make them a million dollars. We think a reasonably small offering is good for the consumer. But sure, we always have our eyes open for new products.

Are you working on more private-label deals with automakers?

Of course we have Southeast Toyota, our sister company. We have VW, we've been working with them since 2003; Kia, since 2007. We just completed a deal with Hyundai, as you know. They are beginning to take it inside [instead of outsourcing with JM&A], but we had a great run with Hyundai and we will continue to work with them as their portfolio runs off. They are just growing like crazy. ... Hyundai, Kia, VW-Audi, they are all fast horses.

Is there consolidation going on in the F&I space? I wrote recently about a private-equity firm buying Safe-Guard, which is one of your competitors.

Private equity tends to buy and hold companies for six years, something like that, and try to help companies grow. We've been around for a while. We see this segment as continuing to grow. We see some regional companies we would love to buy out.

Where does your growth come from -- signing more dealers or doing more business with the dealers you already have?

In 2013, with the momentum we've had, our focus is in giving dealers more per-vehicle retailed. If the dealers are doing well, we're going to be doing well. Last year 60 percent of our growth was with existing clients and 40 percent was through new-business acquisition. In 2013 we would like to repeat this. Overall, growth was about 20 percent year-over-year.

Heathcott: Dealers are finding they are losing something when they go to a hybrid model.

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