



*What Should **Automotive Contracting** Look Like in a **Digital Age**?*

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THE STATE OF AUTOMOTIVE RETAIL CONTRACTING

When you stop and consider all the ways digitization and automation are creating new dealership efficiencies, the automotive retailing industry seems like it has a handle on streamlined processes.

However, there's one critical area that's resisted this change: ***contracting.***

In a world that's faster-paced than ever, the idea of a slow process eating into your profits sounds like a problem we should've cracked a long time ago, right?

The fact is, whether it's physical documents being tied up in snail mail for days after a customer walks out the door or errors causing the customer experience to suffer, there's a lot wrong with the current state of automotive retail contracting.



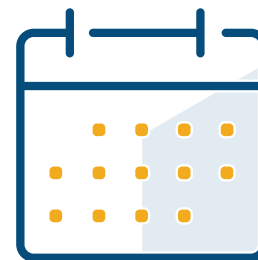
LOST TIME, LOST MONEY

The fact that processing an automotive contract can take anywhere from several days to two weeks¹ is a huge flaw in an increasingly digitized marketplace accustomed to instant results.

First, there's the obvious issue that dealers don't see any profit until the paperwork process is complete. At any given moment, a significant amount of dealer cash is tied up in contracts in transit – not good in an industry laser-focused on month-to-month performance, and definitely not good for dealership cash flow.

On top of that, you are paying interest on unfunded vehicles, even if they are already off your lot. The federal reserve has increased interest rates **six times in the last 20 months**, resulting in growing amounts of money being shelled out.

Second, there are the additional costs of trying to compensate for this long funding time, such as paying for overnight delivery service. This “cost of doing business” eats directly into your profits, and it adds up.



Finally, since this whole process takes so long, if an error (such as a missing signature) forces a customer to come back to resign, their experience suffers dramatically. It's not just the inconvenience of making an unexpected trip that frustrates customers – it's having to return long after they thought they'd completed their business with your dealership.

Even on a good day, **half of the time your customers spend at your dealership is devoted to negotiating or doing paperwork, resulting in only a 49% satisfaction rate for how long the purchase process takes.**² Do you really want to drive that number lower with a never-ending contracting process?



50% of time is spent on paperwork resulting in only a 49% satisfaction rate

That's the kind of thing that makes customers regret buying from you.

THE ERRORS THAT COST YOU

A botched contract form won't just cost you customer satisfaction.

The additional hassle can also strain your relationships with lenders, which can harm profitability by limiting your ability to close deals with competitive offers. There's also potential regulatory trouble if a mistake renders you noncompliant.

Any error worsens this slow-moving process, further delaying your funding and allowing even more contracts to sit in transit purgatory.



WHAT'S THE SOLUTION?

Digitization in the dealership means dealers no longer have to settle for eating unnecessary costs when closing out each and every car deal.

Paperless solutions embedded directly in the dealership management system (DMS) empower you to adopt an **“out with the old, in with the new”** mindset.

In this case, the old consists of time-consuming, error-prone, manual processes that are often out of sync across departments. Digitization – **the new way** – streamlines processes throughout every department to keep your operation running more efficiently and profitably. This capability extends to your F&I department and contracting process.



WHERE WE COME IN

Until now, many dealers have been forced to treat contracting as if the fax machine is the newest technology available, but it doesn't have to be that way. Granted, it's difficult to adhere to strict regulatory guidelines throughout the contracting process. We take that challenge seriously at Reynolds, making compliance, along with dealer utility and customer experience, a top priority.

So, what does a digitized solution for automotive contracting look like?

HOW eCONTRACTING HELPS

eContracting is the way forward. By transforming long paper contracts into a series of electronic forms, you can improve:

- **Speed.** Cut down contract transit time from days to hours – or even minutes.
- **Compliance.** Automatically alert your F&I staff if a signature has been missed before closing the deal.
- **Customer Experience.** Streamline the F&I process, prioritizing your customers' time and experience. They aren't inconvenienced by having to return to the dealership due to a missed signature or other form error.
- **Lender Satisfaction.** Deliver clean forms expediently and conveniently. You'll build a good working relationship with lenders, securing your funding in the future and helping you present the most competitive offers to close deals.

eContracting isn't a bolt-on solution for making contracting a little faster or easier. It's a total transformation of how your F&I office operates.

But, what makes this transformation possible?

HOW IS eCONTRACTING POSSIBLE?

The docuPAD® system is an interactive tool to aid in menu presentation and document processing. A tabletop device used to present finance and insurance options, this is the hardware that both engages and empowers your customers throughout the F&I process and makes eContracting possible.

With the docuPAD system, all forms are accurately completed the first time, helping to ensure all signatures are captured, all necessary forms are completed, and every document is electronically saved.

The result? A completely electronic funding package sent to lenders – not 39 feet of physical forms.³

The docuPAD system offers eContracting – a transformational process that allows your dealership to spend less time dealing with F&I issues during a customer's purchase, get funded faster, and make fewer errors. That is what automotive contracting in the digital age ought to look like.



Don't Just Take Our Word for It

In a Reynolds survey conducted on the effectiveness of eContracting for automotive retailers, respondents said their average contract in transit time before adopting eContracting was four to seven days. **After eContracting, they realized a time decrease of 48%.**

“We used to have 15% of deals sent back from the bank due to mistakes. Now, there are never mistakes.”

– Armando Alberty, Financial Director, Mercedes-Benz of Bonita Springs

“We can get a contract cashed in four hours or less.”

– Nelson Andrews, Dealer Principal, Andrews Cadillac

Call your account manager today or email info@reyrey.com to learn more about eContracting and what it can do for your dealership.

Visit reyrey.com/eContracting

Sources

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- ² F&I and Showroom. "Navigate the Three Pillars of eContracting," by Jason Barrie, associate vice president of market performance for VinSolutions and Dealertrack F&I
- ³ Automotive News. "Reynolds sells a revolution," by Vince Bond Jr



For more information visit www.reyrey.com/econtracting

