

F&I



Sherralyn Peterson

One of the most important responsibilities in any dealership is that of "delivery reporting" (often called CDR, RDR, and NVDR). Surprisingly, however, correct delivery dates are not always reported. Common mistakes include using a buyer's first visit date, deposit date, or credit application date, not changing the reporting system default date, or simply not knowing the manufacturer's definition of "delivery date." OEMs' policies and guidelines provide the definition of "delivery date" and what events and documents constitute it. Ownership versus possession is often the defining line.

Reporting incorrect delivery dates and other errors can have huge ramifications; in some cases, they can make or break your dealership. Therefore, delivery reporting

responsibilities should be assigned to a diligent, tenacious, and well-trained individual. I highly recommend that it be a business office function and *not* the sales department; sales personnel (including F&I) have too much to gain and should not have access to any level of delivery reporting; not even for changes.

Here is what's at stake:

Owner information

Correct names and full addresses are critical because they feed into OEMs' other systems and data. For example, this information effects activation of supplemental services purchased at point-of-sale, such as satellite navigation (e.g. *OnStar*) and satellite radio (e.g. *XM/Sirius Radio*). Brand publications are also initiated for mailings based on this information.

Warranty

Reported delivery dates activate a customer's vehicle warranty start date. Missed, delayed, or incorrect dates will shorten the warranty period that customers are entitled to and you *don't* want any disgruntled customers.

Payoffs

Once a vehicle is reported sold, payoffs are

required within two to five days. If delivery dates are premature or incorrect, unfunded vehicles are paid from your dealership's bank account. This could quickly put you in an undesirable cash position and/or cause an out-of-trust violation between you and your lender.

Recall campaigns

In the event of a product recall, manufacturers must notify all effected owners. The address reported becomes that official record for notifications. This is a serious, federally mandated requirement. Fines can be assessed to your dealership for any misreporting.

Sales rankings

Delivery dates are the basis for determining sales standings, awards, and tier-type bonus program earnings. Timely reporting and correct dates make all the difference in winning or losing a sales award, trip, and/or dealer payout.

Charge-backs

Misreporting can also trigger a sales audit. Inaccurate dates can disqualify you from incentive payments and bonus-earned tier

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programs, causing *huge* charge-backs in the six-figure range. If deemed fraudulent, your State's statute of limitations (which determines how far back they can audit you) will not be applicable and any prior years may be subject to audits and charge-backs. Some manufacturers (e.g. Chrysler and Nissan) also assess penalties/surcharges (per incident) for misreporting.

Direct marketing

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Reported information on customers and their vehicle types is regularly used by manufacturers to create targeted marketing programs. Accurate report information can affect such things as owner loyalty program incentives, targeted lease programs, and manifests of targeted lease end-dates generated for mailings and as dealership follow-up tools. Incorrect information can cause expensive and unnecessary waste, undeliverable mail, and bad contact lists.

Customer satisfaction

Customer surveys are mailed to the reported addresses, which in turn, impact your CSI ratings. Be sure your personnel are *not* involved in "redirecting schemes" which are serious violations with *very* costly consequences.

All these areas impact your bottom line. So, check your manufacturer guidelines and know which documents constitute the correct date; then have regular compliance reviews to ensure that you are protected and not at risk in *any* of these areas.

Sherralyn Peterson is an automotive incentive specialist. She has 30 years of automotive experience helping dealerships maximize profits, minimize risks, and enhance cash flow. For more information, call 312-310-8380, email speterson@sherralynpeterson.com, or visit www.sherralynpeterson.com.

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