

## Three Key Considerations Auto Lenders Need to Heed in Selecting Consultants Who Know the Dealer Market

Posted by [Chris Carlson](#) June 2015

### What separates a good auto lending consultant from the ones who are just looking for another billable client?

Here are three key factors any lender must consider in selecting an auto lending consultant to help structure auto lending programs for dealers:

- **Market Analysis:** Your outsourced indirect lending provider should be able to give you glimpses of the national landscape as well as what's going on in your own backyard. Simply looking at only a macro or micro view will paint an incomplete picture. In some cases the local perspective carries more immediate impact with your operations.

For example, if the average dealer reserve in your market is 3 percent of the total amount financed, then it makes very little sense for you to only offer 1 percent. In a similar fashion, knowing what your competition charges for processing fees will help you offer lower prices to add more business.

Market research: The analysis sounds great, but your provider needs to have solid resources to gather that critical data. The first, and most obvious, is that your provider must have representatives canvassing your surrounding areas to talk to your dealers. They know what the competition charges and if that lender is forced to scale back in certain areas. These are the opportunities you should be ready to seize.

Your provider must also have access to information services, such as the ones provided by some bureaus. These quantitative sources will supplement the qualitative information gathered from dealers. Most providers schedule quarterly meetings to review these findings, but the best providers are available to meet on a weekly (or sometimes daily) basis.

- **Expert industry advice:** More than stats and information, this refers to the overall experience your provider can share with your institution. Seasoned experts will know how to diagnose and address issues that can't be explained by talking to dealers and reading reports.

An example: a lender with a strong direct lending program just can't seem to figure out why that success doesn't translate to the indirect lending side – in other words, a channel conflict.

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### ***More Expert industry advice***

The best providers can relay ideas that have worked in other parts of the country to resolve similar challenges. Since every market is unique in some way, often solutions from other areas can be tweaked or used as a starting point to find the answers.

For example, if one area has a significant need for lenders to offer higher backend allowances, then those lenders could allow the dealers to have flexible backend limits.

### **Why the selection of the right auto lending consultant is critical:**

Of course, these factors are only the beginning when it comes to evaluating an outsourced provider for consulting services. Outsourced consulting can be the difference between mediocre performance and being an industry leader – especially in your local area, state or region. Trusted outsourced providers should be able to offer well-rounded consulting services to properly complement your technology, strategy and indirect lending goals.

### **How CRIF Select Software Lending Systems can help:**

**CRIF Select** offers comprehensive reporting and consulting services to help lenders properly adjust to a constantly shifting marketplace – both nationally and locally. For more information on the current state of the auto lending industry,

Go to <http://www.criflendingsolutions.com/Pages/default.aspx> to see how CRIF Select can provide auto lending systems that support dealer lending services.

