

# Boost Sales with Financing Plan

**Collision**  
QUARTERLY  
MAGAZINE

**A solution for the customer who says, "If I had the money, I would be there tomorrow!"**

This is a line that Lee Emerson has heard over and over at his collision repair center, and it got him to thinking. If he could develop some type of financing arrangement, perhaps these people would repair their vehicles now.

He knew that Future Shop had increased its sales to \$2 billion when it developed a financing plan, and Canadian Tire increased its sales to \$6 billion annually. So Emerson developed a finance plan whereby his customers could pay one third of the cost of the estimate up front, and he would accept the remainder over a six-month period.

It wasn't long before it became apparent that Emerson's hunch was right. His business grew by leaps and bounds and he found himself offering employees incentives to stay extra hours to complete the work. He also knew that the financing industry was undergoing consolidation and offered little competition in this field.

"You can finance anything, including vacations, but until recently, you couldn't get financing for your auto repairs," says Emerson. "The average income today per person is less than it was in 1990."

Emerson realized that credit can be a financial power-tool. It can be used to capture business that you would otherwise lose since customers often come in for an estimate, and then leave without doing the repair because they don't have the funds to cover the costs at that time.

Building on the success of his idea, Emerson created Repair Industry Finance Corporation (RIFCO), which finances only automotive-related goods and services. The company offers a Convenient Payment Plan through repairers, which converts the high cost of vehicle repairs into affordable monthly payments. RIFCO pays the repair facility up front and then collects

monthly payments from the customer. The interest rate is 27.8 per cent, which is slightly less than credit available from retailing outlets such as The Bay, Sears, and Canadian Tire.

Last year RIFCO sales reached \$1.2 million on more than 1,000 vehicle repair loans. Customers generally receive anywhere from \$500 to \$5,000 in financing up to a \$400-per-month maximum.

Emerson says RIFCO is now expanding its operation into Saskatchewan and is encouraging Repairers to sign up as "Valued Repairers" for a \$67.00 fee. He plans to expand into Manitoba by the fall.

Emerson says that being a Valued Repairer will increase the number of customers who come for vehicle repairs and increase the amount of work that each customer requests. It allows smaller operators to compete with larger facilities that offer their own credit plans. It also enables repairers to finance larger amounts of repairs on a longer-term contract than is typical with credit or debit cards.

Emerson has found that financed customers are more inclined to have all repairs done, rather than postpone some work because of a cash or credit shortage. Credit availability increases sales because some customers will use financing for add-on items such as vehicle appearance kits, lighting systems, security systems, remote starters and special paint jobs.

Financing through RIFCO reduces a repairer's accounts receivable work since it does not require post-dated cheques or short-term financing. Repairers can up-sell on insurance claims by offering financing for non-covered damage and large deductibles. RIFCO Repairers will also increase cash flows since all down payments in the program are made directly to the repairer and the finance balance will be paid quickly after the documents have

been completed.

The process for obtaining RIFCO credit is straightforward. The Repairer provides the Customer with a Credit Application for completion and signature, and then faxes it direct to RIFCO, toll-free. The rates include disability and life insurance, which makes up to 12 payments if disabled, or pays the loan out completely if the Customer dies.

"Everything can be done in an hour or less," explains Emerson. "it is all done by fax and will be available by e-mail soon. All you have to do is have your customer's vehicle registration and a completed credit application. They may need a co-signer and a larger down payment for some jobs, but they have a lot of flexibility."

"We are a company who understands the industry and the customers," says Emerson. "We understand what determines success in the marketplace. We can offer personalized lending to the ordinary, average person, since the rich don't need financing."

*By Pat Rediger*

*\*RIFCO is a Public Company listed on the TSX Venture Exchange under the trading symbol RFC. Their Website is [www.rifco.net](http://www.rifco.net).*

