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Motorcycle Business Dealer Financing 101,102,103...

By [Staff Report](#)

Punch It Up a Notch By Christian Clayton

Selling Motorcycles Means More Than Taking Cash

This goes out to the guys who have been around forever as well as those who've just opened a store. I'm shocked at the number of times I have walked into a motorcycle shop, seen some killer bikes on the floor, and found out that it's cash only.



"We don't finance," I've been told by the owners. They might as well say, "We don't sell bikes."

Can you imagine if car dealerships only sold cars and trucks for cash? Sure, if you sell five or six bikes a year, and you have a buyer's order to give the customer so he can go to a bank or credit union and get his own financing, that's fine. But if you advertise that you sell motorcycles, but you don't have a finance system that runs the customer's credit and submits it to the bank, stop advertising that you sell motorcycles. You don't. You display motorcycles.

Cash deals, on average, represent less than 5 percent of all dealer sales. There are a ton of financial systems out there. Get one, get trained on it, and watch the people who want your bikes actually buy them.

Now for the old pros. How many times has this happened to you? A guy comes in and sees something he can't live without. You take his credit application, send it in, and find that he has a 540 score. So you send him home and wait for the next guy.

I hear this all the time at shows and in dealerships we visit: "I had a buyer, but he had a 500 score." Well, score is important, but it's only one part of the equation. It's up to you to look beyond the score. Every buyer has a story, and you need to find out what that story is, so you can relay it to the bank.



Some people are just deadbeats, and you're doing the bank and yourself a disservice by signing them up for their next repo. But what about the guy who has paid his bills his whole life, had a child get sick, and got hammered with medical bills that crushed his score? What if he's made arrangements and is paying those bills off? What if he has a good job, has a good down payment, isn't trying to finance the world, and has made all his house payments, car payments, and everything else on time, but his score is low? Do you write him off and move on to the next guy? Wrong.

You need to do a credit interview with every customer. When I see somebody hand a customer a credit application and say, "Here, fill this out," I want to yank that guy out of the room and do it myself. You need to sit down and fill out the application with the guy. Ask him about his credit history, his job, how long he's been there, what he does, what happened in his life to get him into whatever position he happens to be in. By the time you're through, you should know it all. Simply shotgunning him out to 20 banks and not following up is a disservice to him and you.

We sell bikes not just to sell the bike, but to sell the customer a helmet and a jacket and upgrades to the bike. The goal is to make him part of your customer base, part of your family. If you don't sell the bike, you don't get any of the rest. The proper way to approach the financing side of the business is to establish a good relationship with banks, so they'll be willing to at least listen to your customers' stories. Then, based on your credit interview, you need to decide which customers are worth really going to bat for.

Forcing every customer down the throats of loan officers only to have them default does you no good. But if you establish a customer base with a bank in which you've convinced its loan department to take a few chances and the customers actually pay, you've paved the way for that bank to be more open with your customers in the future.

Choose your battles, and be informed. But most important, get involved in financing. It's good for you, and it's good for your customers. **MSR**

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