



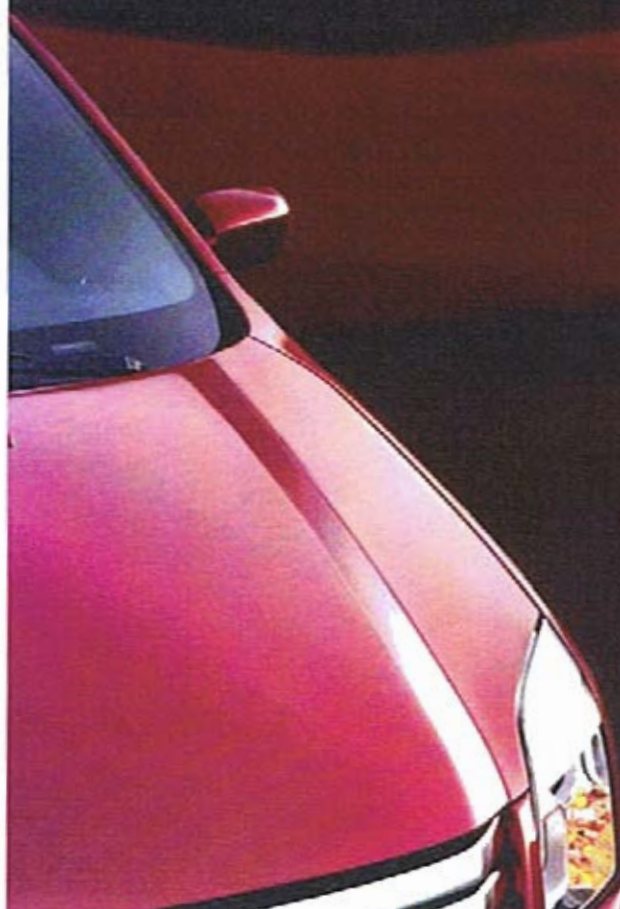
# Gain More Customers Through Renting and Leasing

By S. Allen Lentsch  
and Joe Zawatski

FEATURE  
PRESENTATION

NIADA 2010  
CONVENTION  
AND EXPO

**"BHPH dealers who experienced costly and higher repossessions also see relief because they recover a leased vehicle they already own, rather than repossess a vehicle."**



*Dealers have realistically earned more than \$20,000 plus the business tax benefits on that original \$5,000 vehicle investment by rolling it from customer to customer.*

*Renting and leasing provides dealers with a steady and predictable flow of monthly income with higher profits than wholesale or retail sales.*

*It could also give your business protection from the pending financial reform bill threatening the Buy Here-Pay Here industry.*

*Ren'T'Own and Lease'T'Own are viable and smart alternatives to overcome financing issues for your customers.*

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**Allen Lentsch**



**Joe Zawatski**

Allen Lentsch is the executive director of the Northland Independent Auto Dealers Association (Minnesota and North Dakota) as well as the owner and CEO of Northland Auto Enterprises, Inc. His company markets programs such as Ren'T'Own/Lease'T'Own to dealers across the country. Joe Zawatski is the president and owner of North Coast Auto Sales, Inc. He managed dealerships for 20 years before opening his own store.

**A**s we all know, cars have been sold the same way for the last 90 years, but our business climate, along with the economic conditions, has changed. We all accept the Internet is now a valuable tool in our industry and the same can be said for social networking. There is a need to change with the times or be left behind, so if your present system isn't working, Rent'Own/Lease'Own (RTO/LTO) just might be your road map to success.

Allen Lentsch of Northland Auto Enterprises, Inc., and Joe Zawatski of North Coast Auto Sales in Cleveland, Ohio, presented the RTO/LTO session to a packed room at last month's NIADA Convention & Expo in Las Vegas. Questions were coming from all directions, so when the time ran out, instead of the audience leaving the room, they came forward to hear more. There was excitement in the air and the relief in the minds of the dealers who just found the program that could very well pull them out of the sales slump they've been in for the last few years.

It also could give their business protection from the pending financial reform bill threatening the Buy Here-Pay Here (BHPH) industry. Following this

successful and educational seminar, dealer inquiries and signups have continued in full force. For those of you who missed the seminar, we'll provide you here with the RTO/LTO business solutions needed today while also demonstrating the assurance there's a lifeline being extended to you and your dealership.

Today's marketplace is different and ever changing. Cash buyers have declined and retail sales have slowed. Many buyers face tighter credit restrictions to qualify for financing or are unable to meet down payment requirements through finance companies, banks and credit unions. Personal and business bankruptcies are also increasing. The state of the economy, as well as the job climate, has contributed to a larger-than-ever customer base that is payment based. Those customers still need a car, truck or van; RTO/LTO is today's solution.

Rent'Own and Lease'Own are viable and smart alternatives to overcome financing issues for your customers. Although originally developed in 1990 to target the sub-prime customer market, RTO/LTO also becomes a great alternative for those customers who simply don't want to be tied in to a long-term commit-

ment. The RTO/LTO business model allows your customer to pay for the periodic use of a used vehicle with options to purchase or return at any time. This proven business model works for you and your customers as a leased vehicle. You remain the titled owner of the leased vehicle, which gives you control over it and leverage over delinquent payers. RTO/LTO gives your customers the better option by providing them with freedom and flexibility, while you instantly become the hero in the community.

The program was founded in 1990 by Allen Lentsch, executive director of the Northland Independent Auto Dealer Association. Based on his years of experience in the car industry and on feedback from dealers just like you, Lentsch developed the concept as a solution for dealers to overcome the issues they were facing in their everyday business. Dealers can expect the bankruptcy courts to have the consumer re-affirm the lease or return the vehicle under U.S. bankruptcy code. BHPH dealers who experienced costly and higher repossessions also see relief because they recover a leased vehicle they already own, rather than repossess a vehicle. Thirdly, with 100-percent titled ownership, dealers have more control and leverage over delinquent

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payers within this business model. Lastly, lower business tax burdens typically result. RTO/LTO overcomes these issues and also provides dealers with higher profits than wholesale or retail sales.

RenT'Own/LeaseT'Own is very profitable. You can conservatively expect to turn a \$5,000 wholesale vehicle into \$7,000 profit. Most importantly, RTO/LTO provides dealers with a steady and predictable flow of monthly income.

Dealers using the program also see additional solutions to their business ledger to increase their margins and profits. Doing business as a leased vehicle dealer typically entitles a dealer to take allowable vehicle depreciation during the term of the customer agreement. Secondly, income is typically reported when earned for taxable purposes resulting in a lower tax liability and better cash flow. Many BHPH dealers, after doing a side by side business comparison with RTO/LTO, move their business to this program as a better solution.

Your RTO/LTO customers represent about 70 percent of the public unable to qualify for normal financing today. They are good people who are victims of the economy. They got caught in a divorce, a

medical problem, or a temporary unemployment situation that has damaged their credit score. They are stable people with jobs who have lived in your area for a long time. Their credit score will get better with time. They need help today and you feel bad sending them away. They will remember who helped them when they needed it and you want to be that person. Every dealership has the potential to keep these customers with the RenT'Own/LeaseT'Own program.

How many of these customers walk on your lot and you have no workable program to put them into a vehicle? How many walkaways do you see every month? How many previously available financing options or resources are no longer available for your customers? For many dealers, RTO/LTO has become the answer to putting these customers in a vehicle.

The process starts with changing your mind set on what your dealership is actually doing. You are not selling cars; you are leasing vehicles and providing a much needed service. You are helping the customer by allowing them to make periodic payments towards the ownership of your vehicle. You are doing them a huge favor. You are letting them use one of your

vehicles -- a leased vehicle -- as if they were a close friend. You are helping them out when no other dealer would. You are the hero in their eyes. They like you, they trust you, they are thankful for you. In return, they will communicate with you, they will pay you, and they will take good care of your vehicle.

Best of all, they will tell their friends, co-workers and family members about your dealership and the way that you do business with people. What dealership would not love word-of-mouth advertising or walking ambassadors? Your relationship with the customer is no longer "make the sale and get them off the lot" and it's definitely not adversarial.

Your relationship now needs to be one of open communication, respect, and nurturing. You want this customer (and their friends and family members) as a customer for life, not just for one sale.

Rich or poor, good credit or bad, customers like to change vehicles. Because the RTO/LTO vehicle is titled to you throughout the term of the lease, the customer can't trade it with anyone but you. Dealers are encouraged to check in with the customer, starting near the eight or ninth month of the lease agreement, to

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see if they would like other vehicles in your inventory more than the one they are driving. Most will want to turn in the vehicle they're in and cancel the contract to sign a new contract on another vehicle. You can keep rolling them from one vehicle to another and again, and retain them as a long-term customer. Dealers have realistically earned more than \$20,000 plus the business tax benefits on that original \$5,000 vehicle investment by rolling it from customer to customer.

Dealers can enroll in the Rent'Own/Lease'Own program for a one-time \$779 enrollment fee. There isn't a franchise fee associated with this program. Also included for each enrolled dealership are state compliant customer contracts, forms and supplies, an RTO/LTO banner, and a program guidebook. Northland maintains constant efforts and research to best ensure program contracts and associated documents are compliant to protect dealers. Dealers also gain access to valuable contingent insurance coverage at very reasonable rates.

Additionally, Northland's experienced staff performs monitoring and tracking of your RTO/LTO customer's primary insurance status at no charge. Monthly RTO/LTO business reports are generated

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by Northland to each active dealer so as to audit and confirm their respective monthly contracts and insurance.

Upon enrollment, each dealer is scheduled for business training to promptly get their dealership comfortable and operational with RTO/LTO program. Necessary training and start-up documents and other examples are provided. Ongoing dealer support, counsel and advice are available to every RTO/LTO dealer as needed. No fees are charged in support of your business or in efforts to help make you successful. Best RTO/LTO business practices and additional program updates are also shared with dealers to help build their respective business models.

In addition, the program makes available digital GPS tracking devices and the protection of KAP engine and transmission warranties for the leased vehicles. Recommended business software and an automatic payment systems provider are also available through Northland. This total and comprehensive business model has a proven track record founded on over twenty years of experience, success and service.

For more information, contact Northland Auto at 800-879-3433 or [www.northlanddealers.com](http://www.northlanddealers.com).

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