

## Selling Our Most Valuable Service

Selling is all about getting the prospect to choose you (or your firm) over the competition. And in today's ultra-competitive environment, most Factors will do whatever they can to try and match any "better" offer. Therefore, factoring proposals are all starting to look alike. So it's more important now than ever before to be able to differentiate yourself and your company from all of the "me too" Factors out in the marketplace.

Of course, typing that last sentence was the easy part. Being able to successfully distance yourself from the pack is another story. In case you haven't noticed, everyone's money is just as green as everybody else's. How then, does one stand out in the crowd? One thing's for sure; every salesperson answers the question, "Why should I choose your Factoring company over the others?" the exact same way, "Because our service better!" No one has ever said, "Well, to be honest, our service is slow, our people are rude and we're poorly financed ourselves".

### Exploit Your Capabilities

The magic is in your ability to effectively communicate how your company's service can make the prospect's life better. While there are many, many things that Factors do every day that can make a difference, let's start with the theme of this month's issue: Debtor Credit. With the economic collapse still fresh on everyone's mind, and with high profile bankruptcies continuing (ala Kodak), the subject of prudent debtor credit management remains relevant.

Credit evaluation is one of the cornerstones of Factoring. We are simply more adept at it than any of our clients will ever be. We do it every day, across many industries and for all dollar amounts. We have seen debtors slowly fade into insolvency (the big US airlines) while others spectacularly explode with almost no warning signs

(Enron). Many Factors can even do a very accurate job of estimating what pre-petition receivables will be worth after a Chapter Eleven Bankruptcy filing. And we are quick to decide if selling a bankruptcy claim to a third party is better in the long run than holding on for the full resolution from the court.

This expertise is valuable. In some cases it is very valuable. It is the kind of education that only comes from actually losing money. So our clients get the benefits of our experience without the pain of the write-offs. Now the key is to make the prospect understand the value they are getting.

### Selling the Service

The simplest and easiest way to put a dollar figure on Factoring's expert trade credit management is to look at the prospect's bad debt expense on their Income Statement. Obviously, the more information you have, the better. This is where asking for financial statements for both the current year and previous years comes in handy. The longer a company has been in business, the more incidents of bad debts they will suffer. So the farther back you can go, the more value you will uncover. Keep in mind that "summary" financials will probably not give you the account information you need. Therefore, you should be asking for the fully detailed P&L.

The next place you'll find value is in the "Over 90 Day" column on their Accounts Receivable Aging. These deadbeats could have been avoided if the prospect had already been factoring with you. Adding up these doubtful

accounts with the already written off bad debt expenses will give you a starting point when trying come up with a value the prospect can truly understand.

The other significant benefit we Factors provide is the art of asking for and receiving the appropriate information from the debtor. Most clients are afraid to even broach the subject with their customers for fear of upsetting the relationship. We, however, know what to ask for and how to ask for it. Our client's customers should not be insulted, and in fact should be impressed with the thoroughness to which the client goes about protecting their business. Factors can even obtain information that clients cannot. By simply executing a Confidentiality Agreement, the debtor can submit the necessary data to obtain the unsecured trade credit they desire without having to share sensitive information with their vendor (the Factoring Client).

### Conclusion

The world economy is still far from recovery. Large U.S. corporate bankruptcies are still continuing (American Airlines). Other corporations are hanging on by their fingernails. Unsecured trade credit evaluation is not a common skill. But it is to Factors. Clients need this capability. You should know this. Now all you have to do is remember to effectively identify this valuable benefit during your sales pitch and communicate it so the prospect understands how this will make it easier to sleep at night. You are not just selling money, you are selling "peace of mind"! •



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