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## SALES & MARKETING ISSUE

### ALSO INSIDE:

**New Products and Strategies as an Alternative to an MCA**

**Invest in Building a Sales Generating Machine**

**Find Your Why**

# Rules to Live By

**Sitting in the Small Factors Round Table at this year's IFA conference in Fort Worth Texas, I realized that most factors are still looking for a road map to building our portfolios through prospecting.**

Of course, marketing and selling in the factoring industry are different from most industries. We cannot impulse a potential client into needing our services the way we might be able to with other products. They either have invoices, or they do not, we cannot convince them to use factoring if they do not have any receivables to factor. Small factors need to be especially wary of what resources they devote to developing prospects. Factoring is an excellent tool that gives companies access to far more capital than they could access through a conventional lender, so it is understandably intriguing. But it is incumbent upon us to be mindful that we do not spend our days talking to dreamers that aren't candidates for factoring.

Before someone is considered a prospect, I always confirm the following:

1. Is the prospect ready to factor now?
2. Are they currently generating invoices?
3. Do they have the margins to justify the factoring fees?
4. Have they accepted our fees as fair and reasonable (if not, we risk losing them when someone comes along with better rates)?
5. Do they understand the agreement & the factoring process i.e. verification, NOA, advance rate, lockbox?
6. Do they know the advance is a function of the creditworthiness of their customers?

**7.** Do they understand that verification is the linchpin to getting funded (unless you are a non-notification or non-verification factor)?

Selling styles come and go; door to door sales, bulk mailing, telemarketing, infomercials, TV, radio, blast emails, social media, etc. We seem to flip flop between attempts at personal interactions (door to door, telemarketing, trade shows) to more efficient but less personal (bulk mail, blast emails, radio ads) in our never-ending effort to find the magic sauce. Understandably, we are all seeking to maximize efficiency; time is precious. It is the one commodity that we cannot get more of, and since we want to make the most of our time, we are attracted to anything that will give us a leg up or an edge. Blast emails, bulk mailings sound great, but do they work? And if, by some miracle, we hit the magic combination of words that gets us a good response, then what? We still need to vet them, but how and at what cost? How much time and money do we devote to determining if there are any real prospects in there?

At the end of the day, it is about creating relationships! Therefore, use technology as a tool to enhance relationships but not to create them! We all use technology, but we need to be careful not to use it as a substitute for human interaction. Ask yourself what it would take to



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convince you to deal with someone? What qualities would you look for in a person that you were going to trust with your company's financial matters? A good salesperson will always educate the prospect, manage their expectations and address potential problems (such as an account debtor that refuses to verify) and how those problems would be handled. If we only discuss the upside, we are setting the relationship up for failure.

The good news is people want to be educated and feel like they are part of the decision, so use that to your advantage and get them involved in the process. Most of us are at least a little skeptical, if not downright leery, of people's motives. Almost everyone has an agenda of some sort (it usually involves money), and we all know that, so why not put it right out on the table? Get the elephant out of the room! Let people know your real motivations. A line I use frequently is "I came to work today for the same reason you did, Mr. Jones...to make a living". I go on to tell them "I will always put your interests first, not because I am a saint, but because it is good business. When I perform and provide you with a long-term solution to your current business challenges I expect that you will be a client for a long time and probably refer business to me".

There will always be someone who comes along and claims to be able to do it better and cheaper, and it is important that your relationships are able to withstand that. If a prospect's only concern is the discount rates (and you close them on that premise), they will continue to shop rates and eventually they will find someone cheaper. When they do, they will leave as soon as they get a chance.....therefore basing the relationship solely on rates (or some other particular condition) will lead to a short relationship. Remember, the product can be acquired

anywhere. Many of us still fall into the trap of overselling the product instead of selling the prospect on our own unique qualities. We achieve better results when we:

**1st: Sell ourselves.**

**2nd: Sell our company.**

**3rd: Sell the product.**

Our resources should be invested in meeting and educating potential candidates and selling ourselves. Accomplish this by attending trade shows, networking events, chamber of commerce meetings. A face to face discussion will always separate you from a competitor and give you a huge advantage in bringing a new client aboard.

#### **SOME RULES TO LIVE BY:**

- Don't sell. Become an expert and educate your prospects.
- People want viable and practical solutions. Listen before you recommend a course of action.

• Don't push the boundaries of your knowledge. Nothing will scare off a prospect faster than trying to discuss a topic that you clearly don't understand.

• Make them feel like they are part of the decision. Give them choices and options whenever possible. I often say things like; "You have made some excellent points."

• Explain your motivation. Do not let them try to figure it out. Big mistake!

• Let them know what you expect from them and what they can expect from you.

• Let them know that you are now a part of their financial solutions team.

• Don't try to force square pegs into round holes (translation: factoring might not be the best solution for them). •

The advertisement features a central graphic of a hand holding a glowing globe, surrounded by various electronic devices like laptops and smartphones. In the background, a group of stylized human figures stands on a dark, textured surface. The overall color scheme is dark with blue and yellow highlights.

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