

Financing For All

By Andrea McCullion

Offering financing to increase sales options

The “F-word”—“financing”—provokes different reactions from different dealers. Some shout it from the street corners, embracing it and making it a key part of their sales success. Others whisper it in hushed tones, bringing it up only after all other options are exhausted, making it seem like a dirty secret rather than a valuable sales tool. Financing in and of itself is neither good nor bad—it is all about how you use it.

Benefits for Businesses

Having a good financing program (or two) in your sales arsenal can help you close more sales. It allows you to sell on monthly payments, with offers such as “You can get all this for only \$60 per month,” or “We can upgrade you to the Platinum Package for only \$10 more per month.” Speaking in monthly payments shows customers how affordable the purchase can be.

Financing also allows you to offer attractive promotions, such as “No interest for 12 months,” “No payments for 90 days,” or “Buy today, pay next year.” These types of promotions are offered by most finance companies and can be used to attract new customers or close difficult sales.

Finally, it helps you reach more buyers. Many people cannot afford to pay a \$4,000 lump sum, but can afford an \$80 monthly payment. Having financing plans available will help you overcome price objections. If you work with a company that offers “discount” financing programs, you also can close more sales overall by providing options for customers with less-than-perfect credit.

Benefits for Customers

If financing programs were not valuable to customers, you would not see them everywhere, from big-box retailers to medical offices to auto repair stations. Customers like having payment options available.

Financing allows customers to pay over time. Some may be able to afford a lump sum, but the option of monthly

payments can make it easier for them to say yes.

It also allows customers to take advantage of promotional offers. Many who choose financing options have good credit and the ability to pay outright. But they take advantage of promotions such as “12 months same as cash” so they can keep their money earning interest in the bank and maintain financial flexibility.

Financing also allows customers to keep their other credit lines free for emergencies or other purchases. Many do not want to add to their credit card or home equity line balances. It may be purely psychological, but if you do not have another available payment option, it could mean losing a sale.

Adding to Your Sales Arsenal

The most successful dealers offer financing consistently and confidently, making it a component of every sales presentation. Success with financing comes from several factors.

The first is preparation. Build relationships with several finance companies that offer a variety of terms you can use to close as many sales as possible. Each finance company has its own criteria, so you may find that one company will approve something that another declined. Having a few companies to work with is important, but having too many might lead to diminishing returns, as it can cause confusion for your staff and customers.

The second aspect of preparation is ensuring that all of your salespeople are completely comfortable with the programs and options you offer. Your finance companies should be able to help train them, and you should make finance training mandatory for all salespeople. There may be fees involved with financing, so you need to know what makes sense for your business and offer only those programs that fit your needs.

Arm your salespeople with a clear, compelling financing offer. Saying “Buy the Platinum Package for only \$60 per month,” or “Buy today and don’t pay for 90 days” is more effective than just

saying, “We can finance this for you.”

Offer financing to everyone. You should not prejudice customers when it comes to financing—doing so might lead to lost sales opportunities. Offer all customers at least two payment options: “You can buy today for low monthly payments of \$80, or we can give you the cash price of \$4,000. What works best for you?” Make sure the customer knows at the beginning of the presentation that you have affordable financing plans so that they do not spend the whole time thinking, “How can I afford this?” rather than paying attention to the features and benefits of your products.

Actively promote financing in all marketing and sales channels. Include monthly payment amounts on all sell sheets and customer quotes. Make sure your financing offers are visible on your website, brochures and other advertising materials. Use your telephone hold message to promote your current special offers, including financing plans. Make sure your customers have no reason to think the purchase will be outside what they can afford.

There is no reason not to offer financing. If you make your customers feel uncomfortable because they have to ask about payment plans, or if you make financing seem less desirable than other payment options, you may be losing sales unnecessarily.

By offering financing and selling on payments, all you are doing is showing customers how affordable their purchases can be. You have already convinced them of the value of your product. Do not give them any reason to say they cannot afford it. Embrace the “F-word” and watch your sales grow. *wqp*

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