



The LEAF Power Of Financing Series
Volume One

Transforming Your Business With Customer Financing

A LEAF e-book



*In Volume One of the **LEAF Power Of Financing Series**, we'll look at how offering purchase options using flexible financing can accelerate revenue and build lasting customer relationships.*

Providing Financing To Customers Gives Vendors A Strategic Marketplace Advantage

As a vendor fighting for market share in today's hypercompetitive environment, you're always looking for a strategic advantage. One way to get that advantage is to use customer financing as a competitive differentiator instead of merely a way for customers to complete their transactions. Vendors proactively using financing to make deals—as opposed to reactively taking orders—often find themselves not only closing deals faster and more easily but also closing larger deals. In addition, they're seen as more innovative, customer-focused and capable of providing complete solutions, giving them a distinct strategic advantage over competitors that simply mention financing as a means of payment at the conclusion of transactions.

Small To Mid-Sized Businesses Benefit From Partnering With A Financing Solution Provider

Offering financing proactively is a page out of the playbook of the world's largest, most successful companies. Virtually all offer some form of customer financing, often in the form of a captive financing program promoted with offers such as periodic low or no interest financing.

Unless you are a large manufacturer or reseller, however, captive financing is likely cost prohibitive. Instead of the captive tactic, a more economically feasible approach is partnering with a progressive financing company with expertise in structuring equipment and software transactions for your customers. The operative word here is “partnering,” because that is what a finance company should be to your dealership—a partner, in every sense of the word. Before we explore how such a partnership might look, let's first discuss why it is necessary.

Customers Seek Out Vendors That Offer Flexible Financing

Customers increasingly demand flexible financing options and typically will spend more—and more quickly—when

it is offered. The reason for this is simple: the easier it is for customers to afford a proposed solution, the more likely it is they will purchase that solution. In addition, because they now perceive increased buying power, they're likely to shop with "wants" in mind, as opposed to "needs" only, which leads to bigger thinking about the possibilities—and correspondingly bigger deals.

Giving customers an answer to budget concerns is only part of the equation, however. They also require flexible payment schedules and terms that take seasonal business fluctuations and other variables into account. The sales cycle is accelerated when customers know they can not only afford transactions but also pay for them over time in a way that suits their business needs.

Salespeople Close Deals More Quickly With Flexible Financing

Beyond accelerating revenue, financing empowers salespeople to do their jobs more efficiently. Simply put, financed deals often close more quickly, allowing salespeople to move on to the next customer. When the sales team spends less time on that part of the process, there's more time to prospect for leads and new business.

Flexible Financing Turns Salespeople Into Solution Advocates

There are other benefits for your sales team, too. Flexible financing allows a salesperson to put together a deal that's customized to meet all of a buyer's needs, promoting him or her from an order taker to a solution provider in the minds of your customers.

Flexible financing shifts the focus from the possibly daunting cash purchase price of a piece of equipment or software to an affordable monthly payment for an entire end-to-end solution. This allows customers to move away from thinking about purchases that are merely tactics to achieve a fleeting edge and toward acquiring strategic solutions that deliver greater ROI and position them for long-term competitive advantages.

This approach represents a major shift in focus for the salesperson. By changing the variables of a financing arrangement, it is almost always possible to come up with a monthly payment that fits the buyer's budget. Successful salespeople know it's always easier to sell a low monthly payment than it is to sell the total price of a purchase. But more than that, salespeople are empowered to collaborate on solutions that are more

than the sum of their parts. In the customer's eyes, this elevates a salesperson from just another individual taking an order to a partner in creating a solution that can generate compelling, strategic and operational benefits.

With flexible financing on the table, the concept of the “bundled solution” also comes into play. Instead of trying to sell a particular piece of equipment or a certain software application or upgrade, a salesperson who can leverage flexible financing in his or her process is better equipped to offer a comprehensive solution. For example, a salesperson can set up financing arrangements with equipment and software refresh provisions that allow the customer to upgrade to new models or releases as soon as they become available, offering an antidote to “new-model envy” and allowing the vendor to stay at the forefront of productivity, innovation and service.

Another example is selling equipment and software with delivery and installation charges included. Vendors may also add a long-term service and support agreement. Bundling incidental elements with equipment and software provides tremendous value to customers because it allows them to buy a turnkey solution. Rather than spend time worrying about installation, setup

and other acquisition details, they can instead focus on core business.

You can also take the concept of bundling your solutions to a whole new level by partnering with vendors that sell complementary products or services and giving the customer a one-stop means of acquiring a complete, integrated solution. This kind of bundled approach in partnership with other vendors provides businesses with exponential growth opportunities and solution provision capabilities that are difficult or impossible to achieve in isolation.

Customers Who Buy Solutions Tend To Be Customers For Life

Solving problems, instead of simply selling equipment or software, is also an excellent way to engage with customers over an extended period of time. Offering first-time buyers pricing options in the form of flexible financing positions the sale as a solution, rather than a one-off purchase. This sets the stage for a long-term—and potentially lucrative—customer relationship. Because you make it easy to buy a solution the first time, customers will be inclined to turn to you whenever they have a need, particularly if you can bundle and integrate solutions for them. And because flexible financing can provide

for equipment upgrades over the course of the agreement, the customer has even more incentive to continue doing business with you. By moving away from the “one-and-done” mindset toward one that considers the lifetime value of a new customer, you set your business up for increased ROI from all your sales efforts, as well as success over the long term.

An Industry Expert Finance Partner Can Help Boost Market Share

We mentioned earlier that a capable finance company can become a valuable partner. Indeed, working closely with a finance company that understands your business can significantly improve your market share.

There are several reasons for this. First, financing professionals well versed in your industry can cross-pollinate your sales and marketing efforts with best practices garnered from other financing customers in the industry. In essence, you learn from the mistakes and successes of others, without risk. A cohesive team of financing professionals that understands your business, combined with your own internal expertise and experience, can make your business a formidable force in the marketplace.

Second, though most finance professionals understand that every customer has unique needs and operates from a different financial situation, only those with experience in your business focus understand its unique challenges. Simply put, finance pros who know the industry are better equipped to structure transactions that are optimal now and flexible enough to accommodate future developments.

Access is also important and the modern finance company is typically open 24/7. Online portals and mobile-optimized technology platforms allow both you and your customers to do business with your financing solution partner around the clock, every day of the year, from almost any Internet-connected device.

Select finance partners can even help you market and promote your business, in effect giving you access to a fully staffed advertising department, without the expense. The finance company has a vested interest in this process because your customers are their customers. With this in mind, a progressive financing company can lend tremendous support and add significant value to your market-facing promotional activities.

Finally, customers prefer to finance not only because it makes acquiring equipment and software easy and affordable but also because it makes good financial sense. By financing these purchases, customers can conserve cash and preserve existing lines of credit.

The many benefits of equipment and software financing clearly explain why it is rapidly gaining in popularity, with a corresponding reduction in the use of cash for these transactions. According to a recent study by the Equipment Leasing & Finance Foundation, six of 10 companies choose to finance equipment if the option is available at the point of sale. The reason is that the flexible nature of equipment financing and the multiple payment options it offers enable most equipment buyers to structure transactions to fit their budgets. And once the sales discussion moves from the total purchase price to a smaller—and more affordable—monthly payment, the transaction is much more likely to close.

Customer Financing Is A Primary Strategy For Smart Vendors

Many vendors still consider financing an adjunct to their core business. It is an afterthought, merely

a means for customers to pay for equipment or software. For these vendors, financing isn't even a sales tactic, let alone a strategy. The important thing is closing the transaction, not how it will be funded. However, though it can help close deals that might otherwise never come to pass, this approach to customer financing represents a tremendous amount of missed opportunity.

Instead of offering financing as an aside at the end of a sale, savvy vendors integrate it into their market-facing promotional activities and directly into the discussion at the point of sale. In these organizations, salespeople leverage financing early and often in the sales process. Equipped with flexible financing options, these salespeople can serve as advocates offering complete solutions rather than order takers selling components or partial solutions. This strategic approach accelerates and increases revenue by shortening the sales cycle, boosting ticket average and cementing your reputation as a solution partner instead of one vendor among many. It is a compelling combination of advantages generated by a powerful selling tool—at least for vendors choosing to leverage financing in this manner.

Customer Financing Is On the Rise As Cash Dwindles In Importance As A Payment Method

Numerous surveys and industry analyzes conducted over the years by the [Equipment Leasing and Finance Association \(ELFA\)](#) offer conclusive proof that customers are moving away from cash transactions, a trend that is only gaining momentum. Business buyers are under pressure to conserve cash and preserve credit while acquiring the equipment and software a business needs to remain competitive. Customers know that flexible financing is the perfect solution to these needs and are increasingly demanding it from their vendors.

Used to its full capacity, flexible financing gives you and the vendor a powerful strategic tool that significantly increases market share and provides a marked competitive advantage. Working with an aggressive and experienced finance partner that knows your industry makes it easier to gain market share and offer options that position your business as a complete solution provider. With the right financing partner, you can quickly close more transactions, write up bigger transactions and retain more customers over time.

The bottom line is that financing accelerates sales across the cycle, not just at the end of a transaction. It is far more than a simple means of payment—used correctly, it is a powerful strategic advantage.

Accelerate Your Revenue With LEAF Commercial Capital, Inc.

LEAF is dedicated to helping its partners accelerate revenue by selling more equipment while building solid, long-lasting customer relationships. The LEAF brand is built on a foundation of helping our partners become more effective in growing their businesses by using financing as a strategic advantage instead of a simple means of paying for purchases.

Contact LEAF Today

For more information visit us at www.LEAFnow.com or call 800.819.5556.