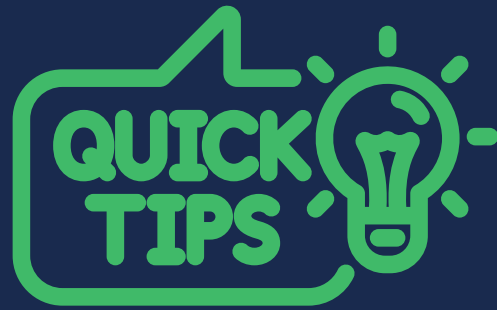


# IOU FINANCIAL'S VP SALES



## A MESSAGE FROM JZ

IOU'S VP OF SALES

Dear partners,

This sales training booklet has been compiled to give your team some thinking points and strategies to help you close more deals.

After almost two decades working directly with small and medium businesses, I learned a great deal about the SMB space and how to gain relationships built on trust and expertise to help businesses grow.

Selling capital is a difficult task and in alternative lending, things can become even more complicated. These tips are based on things I have learned through formal education, my own experience from being in the field, and from listening to and learning from others.

Hopefully you find these tips helpful, use them for yourself, and share them with your team. If you have any suggestions please let me know.

Sincerely,  
JZ

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IOU FINANCIAL'S  
BROKER SALES TIPS

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# SALES TIP #1: KNOW WHY

JZ | VP OF SALES

I have almost two decades of sales experience, with most of those years in "selling money." It is one of the most difficult things to sell. To sell money, you need to "differentiate yourself in an undifferentiated industry." In my opinion and from experience, it should start with knowing "why".

When you can answer those questions, you can position the "why you" because you have taken the time to get to know them and their business and **merchants will better trust you are presenting the right solutions.**

**Why does a business need money?**

**Why do they need it now?**

**Why are they in business?**

**Why do they have the customers they have?**

**Why do clients use them and not the competition?**

**Why are they looking for "non-bank" financing options?**

One of the most important things as a lender we need to know is **"why does this business need money"** and **"why should we lend to them."** We answer some of the "why" through our due diligence, but most of it comes from a **detailed description of the use of funds and learning about the business' unique need for capital that comes from you**, our broker partners.

"Working capital" is not a helpful reason for funding. "This business operates in four seasons a year, their window to capture increased revenue this season is only 1 week and they need the money faster than a bank could get it. They will use the money to buy inventory which they expect to turn over several times in the next 12 months based on past performance and future opportunity." **That is an example of an actionable use of funds and is quickly gained by asking the "whys."**

To capitalize on opportunities, beat out your competition, build stronger client relationships, and close more deals together, I would recommend, if you are not already, **get to know your clients more deeply by knowing the "why."**

## SALES TIP #2: CHANGING COST PERSPECTIVE

JZ | VP OF SALES

**With the right perspective, the cost of alternative debt is not that expensive.** Most merchants are what I call “accidental business owners...” meaning they were very good at something, (plumbing, selling, inventing, networking) which accidentally lead to a business.

Accidental business owners do not often separate business ideas and funding from personal strategies *aka they think “debt is bad” (personal concept) vs “debt is a low cost of funds” (business concept).* **Selling business funding requires gently educating merchants on business concepts.**

**“Make the numbers shrink.”** When you are trying to sell alternative financing, you have to learn about the business, all their sources of debt capital, and how the alternative piece plays into that... in addition to the use of funds discussed in the last sales tip. **The key is getting the business decision maker to focus on the weighted cost of capital and not the singular “more expensive” piece.**

Businesses are funded with debt and equity. Let's look at the debt only piece of the pie in this sales tip. Debt capital comes in various forms: from trade lines (B2B “payment terms”), from traditional lenders like banks, from alternative lending sources like IOU Financial, and from other types of sources.

**When you consider a “debt stack,” you also have to consider the “weight” of each piece.** This means how much of the pie does a particular slice make up? If you only look at the alternative lending piece, 30% cost of capital can sound expensive, but let me show you how that is not always the case. As we know, the bigger the alternative debt loan, the more difficult it is to close (*if the merchant is only focused on the alternative slice.*) **Let's focus them on the whole pie and how that slice shrinks when weighted.**

**Most strong and healthy businesses do not only have one source of debt.** Most take on debt for various purposes: real estate, equipment, inventory, soft costs, vehicles, and so on. To understand the average cost of debt between all sources, you have to take the weighted average.

# SALES TIP #2: CHANGING COST PERSPECTIVE CONT.

JZ | VP OF SALES

If a company has \$2,000,000 in total debt and only 25% of that is alternative financing used for inventory and the other sources have a lower cost of debt, the cost of the alternative financing begins to shrink. Yes, the others rise a little, but the weighted average cost is not overwhelming at all. **See the chart below.** As you can see, **30% cost of capital is not really 30% when you look at it from a total pie and weighted average.** Yes, the smaller sources of capital rise a little... 5% becomes 12.25%, but conversely **30% becomes 12.25%... sell that!**

**“Make the numbers shrink.”** When you are trying to sell alternative financing, you have to learn about the business, all their sources of debt capital, and how the alternative piece plays into that... in addition to the use of funds discussed in the last sales tip. **The key is getting the business decision maker to focus on the weighted cost of capital and not the singular “more expensive” piece.**

	Amount of Debt	Weight	Annual Cost	Weighted Cost	Use of Funds
	\$1,000,000	50%	7%	3.5%	Real Estate
	\$500,000	25%	5%	1.25%	Vehicles
	\$500,000	25%	30%	7.5%	Inventory
Total	\$2,000,000	100%	42%	12.25%	

# SALES TIP #3: RELATIONSHIPS OVER TRANSACTIONS

JZ | VP OF SALES

**Focusing on relationships and not transactions is difficult**, takes longer, and requires a solid strategy. Many sales organizations want the fast win over the long play and therefore do not take the time required to plan for relationships.

## **The transaction strategy looks like this:**

Call as many people as you can per day, try to bait one, fast talk them into taking money, and close the deal before they know what hit them. It can “work,” usually only one time and more **likely only one time**. That means **it will take a lot of money** (to keep buying leads and feeding the machine), **constant turnover in reps** (because they get frustrated and or bored), and **frustration for all parties** (the sales company and the buyers). **Thus resulting in a very small ROI.**

**Relationships give the largest ROI on your investments of time and money.** Focusing on relationship building starts in the drafting period of your sales strategy plan. Sales leads are “interesting,” but sales strategies focused on relationship building are superior. **Ditch “sales leads” and focus on sales strategies that develop relationships to ensure you build a lasting ROI for your company.**

**Relationships are built on trust and mutual respect.** Building business relationships takes time because trust takes time to build and **the client must know that their best interest is top of mind for the salesperson**. This is even more complicated with accidental business owners that require more education on business, and the fact that most all alternative lending sales organizations work virtually with their clients.

**You know you have a winning relationship strategy when clients do business with you time and time again** (*I call this maximizing the lifetime client value*) **and when they call you unsolicited to ask your advice.**

I get asked all the time “where do I find good sales leads,” and my response is, **every SMB is a lead**. Businesses are only funded in two ways: Debt or Equity. We sell debt, so therefore all businesses need some amount of debt. **Accidental business owners often do not know that they need debt**, and it takes time to help them understand that debt is less expensive (*almost always*) than equity. It also takes **probing questions about their business and their business strategy** to help them understand they do need debt to grow their company and how they can put that debt to work. For instance if you ask what their strategy for the next quarter or six months is and they say, “well I am expanding to a new territory” (*or anything that indicates growth,*) they are a target for what you sell. If they give an answer that shows the business is shrinking or staying neutral then they are likely not a good target at this time.

# SALES TIP #3: RELATIONSHIPS OVER TRANSACTIONS CONT.

JZ | VP OF SALES

**Timing is everything.** You must have a solution for their growth at the right time. That means you must **continually follow up with your prospects** while you build a relationship by **getting to know their business and their strategy**. If you do that, when the time is right you are likely going to be their choice for their need. AND if you focus on building relationship over transactions, you are more likely to be the only one they are talking with and not taking calls or listening to salespeople just calling to see if they “want a loan.” Duh, they need a loan... **when the time is right. They will get that loan from someone who knows them, understands their business, and is a trusted advisor** 9.5 times out of 10.

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## Relationship sales strategy framework:

### Focus on key industries

- Select some key industries. Understand the industries, the “language of the industry” and the common strategies in the industry. This approach will help your sales teams become experts and will open more doors by framing the approach as industry experts.

### Use a CRM and keep great notes

- CRMs help your teams write down key things from a conversation with a merchant. Then the next time they reach out they can reference things from the last call. This strategy helps build a relationship showing the merchant that you care, you listen, and you understand their company.

### Add ABB to your ABC

- “Always be closing” time old sales slogan. But I add ABB “always be building” (relationships and prospects). Losing focus on building relationships and a prospect base will eventually lead to nothing to close. So before you close you have to build and if you want to close multiple deals with the same clients then you need to be building solid relationships.

## SALES TIP #3: RELATIONSHIPS OVER TRANSACTIONS CONT.

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### Relationship sales strategy framework:

#### Get data

- Remember, every company is a lead because at some point, if they are growing, they will require capital in the form of debt or equity.
- With the industry approach, or even just a regional or local approach, your teams only really need to know what businesses exist and hopefully some contact information. Find resources that provide this data and build your own lists. None of them are perfect because SMBs are private companies and most keep information private. Things like LinkedIn, D&B Hoovers, and even Googling have some data for these needs.
- There are emerging “Intent” data companies that will collect data around what companies are searching what topics that might help your team get closer to the right timing.

#### Think small and focused

- Target around 100 qualified prospects per salesperson (this is in addition to their existing book of clients). Qualified prospects are ones that show a funding need in the next 3-6 months. Have the salesperson work those leads until they convert and add new ones as they become clients. The salesperson will also work existing clients to keep doing deals together.
- The idea is to have a manageable number of prospects so that the follow up is consistent and often enough to get the timing right (likely every 2 – 4 weeks per prospect).
- Have only enough salespeople for the prospect & client coverage. As salespeople get 100 prospects and have some clients then look to add to your team. Doing so too early will leave some “too hungry with nothing to eat” and doing so too late will bog salespeople down, find the balance.



# SALES TIP #4: MARKETING FOR PROFIT

JZ | VP OF SALES

The **best way to figure out the most profitable way to market starts with your marketing strategy** and learning as you go, while you adjust based on the results in the quickest manner possible. **To help you build your own strategy, I have compiled some tips** from some of the most effective marketers I have met.

Below are four tips to help you build your marketing strategy. Hopefully this will help you find a profitable marketing approach

Marketing for profit beats marketing for revenue. It goes without saying that companies that can market their product for less stand to make a bigger profit compared to companies that look to spend as much as possible on marketing. **Marketing for profit is not easy**, but it is worth it. This strategy requires knowing your market, company, overall strategy, sales team, expertise, and starting small. Also word of mouth is the least expensive and most effective marketing, so when you do deals **make sure you win fans and not just transactions.**

## Credibility (Branding)

- Look the part: **convey trust, integrity, and transparency.**
- Make your online brokerage **look as professional as possible** by creating company-wide brand standards. This includes items such as a logo, font, colors, and website design.
- **Apply your brand standards religiously across all channels** to consistently reinforce your image.

## Simplicity

- Maximize online lead conversion by making it easy to apply for funding.
- **Simplify the user experience as much as possible.** Use web design best practices such as customer-centric design, simple forms, and clear navigation.
- **Reduce the number of clicks** and questions.
- Use brief, simple language in your forms. Use common sense to **make the questions easy to answer.** For example, instead of asking on what date they opened their business, you could ask them how many months/years they have been in business.
- Your website should have at least a 5% rate of conversion (Ex. From unique visit to completed application.)



# SALES TIP #4: MARKETING FOR PROFIT CONT.

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## Efficiency

- **Invest in performance media** that allows you to pay only for clicks to your website (or calls), such as Google AdWords, LinkedIn ads, and possibly Facebook ads.
- **Make sure you integrate Google Analytics across all channels** (and on your web site) so that you will be able to analyze results including cost per lead, performance of individual keywords, and top performing landing pages.
- **Make sure you also define your goal in your Google AdWords** account (ex. Completed web applications.) This way the Google algorithm will focus on targeting the right users, at the right time of day, to improve your conversion rate over time.
- Once you have a few weeks or months of data, make sure you **calculate your net cost of acquisition**. (Ex. \$5 per click / 5% conversion = \$100 per application.)

## Constant Improvement

- Roll up your sleeves to **get into the data and use it to inform your strategy**.
- On Google, this means analyzing keyword data. On LinkedIn this means targeting users in the industry sectors that convert well for you and with job titles like "owner", "president" etc.
- The insights you can gain by poking around your **Google AdWords, Analytics, and LinkedIn can also be used to inform your marketing message** (what makes people click?) and your targeting (are you getting best results from specific age groups, job titles, zip codes etc.?).
- This is the **most important step**, and the one that is most often overlooked. **Adjusting your online marketing strategy based on a deep analysis of your results is the only way to improve performance over time, and stay ahead of your competition.**