

BUSINESS FINANCE

Training Modules

Products & Selling

Business Finance

Rentals & Loans

Training Module 2

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Introduction

Welcome to the Finance Now Business Finance Training Module – Products and Selling Finance.

This module has been designed to give you an understanding of our Finance Products and how they may apply to your sales process. It also deals with how finance plays an important role in promoting sales by making the goods you sell more affordable, as well as assisting with closing a sale.

It has been specifically written for you, to be able to help walk you through our product types, so you have strong knowledge of what finance options are available for your client. This Module will also give you some techniques that will assist in adding finance to the sales process and also provides general selling tips that will help in most selling situations.

At the end of this module you should be capable of answering standard questions with regards to the Business Finance Products available and also pick up some tips and skills on using some selling techniques to assist in you closing more sales.

We trust you will find this a valuable tool.

About Finance Now

Finance Now (FNL) is part of the SBS Bank group (formerly Southland Building Society). Established in 1869, SBS is New Zealand's largest building society having grown to in excess of \$2.8 billion in assets. Like FNL it is a wholly New Zealand owned and operated company. We have in excess of 1400 retailers nationwide utilising our Credit Sales facilities.

We have five regional offices: Invercargill, Christchurch, Wellington, Hamilton and Auckland. Our team can provide your suppliers with skill sets designed to assist retailers to sell more product by utilising finance as a tool for closing more sales.

Our vision is to be "a valued service orientated enterprise and the first choice of our target markets". Specialising in retail consumer finance, business loans and rentals and associated insurances, we have been able to achieve this through our commitment to creating memorable customer experiences. This has been achieved by utilising leading edge technology designed with you, the end user in mind. Our philosophy is "if it is easy to sell it is easy to buy".

We customise our service delivery to meet the unique features and requirements of your business. You can process applications and contracts using a variety of methods including fax, telephone, Internet and e-mail. A full range of finance products and terms can be sold in -store on any sale. These include interest free, interest bearing and combined interest free / interest bearing.

Business Finance Customer

Types of Business Finance customers includes:

- ⇒ Sole Traders
 - ◆ This is an informal business structure, similar to partnerships. All legal agreements are to be written in the personal name of the owner of the business.
- ⇒ Partnership
 - ◆ This is an informal business structure with two or more partners operating the business. All legal agreements need to be written in the personal names of ALL partners.
- ⇒ Registered (limited) Partnerships
 - ◆ A limited partnership structure will operate under a formal partnership deed. Partners can sign on behalf of the business as specified in the Deed. For example: Law and Accountancy firms
- ⇒ Limited Liability Companies
 - ◆ The director(s) of this business is required to sign on behalf of the company and will often also sign as a personal guarantor.
- ⇒ Prime Corporates
 - ◆ These are large companies and / or organisations eg. Public listed companies
- ⇒ Trusts, Charitable Trusts and incorporated Societies
 - ◆ Formal trusts will operate under a formal Trust Deed which confirms the Trust's mandate. In most cases a minimum of two trustees are required to execute legal contracts. Eg. Schools
- ⇒ Family Trusts
 - ◆ A family trust relates predominately to family assets and is a structure to protect those assets. Most are informal although there is always a trust deed which confirms its mandate.
- ⇒ Government agencies
 - ◆ These are government funded organisations eg; schools, councils etc

Definition of a Business Deal:

- ⇒ Any asset/s being purchased or rented primarily for business purposes

All loan and rental documentation includes a clause to confirm the asset will be used for business purposes.

Business Rental Product

Definition:

- ⇒ A finance contract whereby the Customer has full use of the equipment, but Finance Now retains ownership. The Customer does not own the equipment and is required to pay a monthly rental amount for a minimum contracted term.

Rental Product Codes:

1. **B800** - Business Rental
 - ⇒ This is the standard rental finance product for commercial customers, who want to “rent” and not own the business equipment they require for their business.
2. **B810** - Business Rental Deferred
 - ⇒ This is a deferred rental finance product for commercial customers, which allows a delayed start on when the customer pays their first payment to FNL. The deferred period can be up to 6 months and the deferred finance cost will be at the customer’s expense.

Features of the Rental Product

- ⇒ The customer has the full use of the equipment by no ownership
 - ◆ Finance Now retain ownership of the goods for the term of the rental
- ⇒ Minimum term recorded on documentation but no maximum
 - ◆ Payments may run in inertia and reduce after the minimum term
 - ◆ Terms from 12—60 months (depending on the asset being rented)
- ⇒ Payments made monthly in advance
 - ◆ Deferred payment option is available
- ⇒ Equipment is returned to Finance Now at termination
 - ◆ At termination, Finance Now can sell the equipment to anyone, including the customer
 - ◆ There is no guarantee or right to purchase on termination for the customer
- ⇒ Tax deductibility
 - ◆ Allows GST component on the rental payment to be claimed as an expense
 - ◆ Usually off-balance sheet Interest and depreciation may NOT be claimed
 - ◆ Customer is encouraged to check with their accountants for professional financial advice

Business Rental Product cont...

Features continued...

- ⇒ Intangibles can be included in the purchase price
 - ◆ E.g.: software & service
- ⇒ Interest rate and fee are not disclosed
 - ◆ These are not required on commercial rental contracts, unlike consumer finance
- ⇒ Settlement at termination is the sum of the unpaid rental payments
 - ◆ Settlement can be added to a subsequent Rental on new equipment
- ⇒ Customer is responsible for the care and service of the equipment
- ⇒ Finance Now is not in any way responsible for the maintenance, servicing or repair of the Equipment
 - ◆ Customer is responsible for the Total Rental for the Minimum Rental Term, despite any inability by the Customer to maintain, service or repair the Equipment.

Benefits:

- ⇒ Customer has full and immediate use of equipment, but **NO** ownership.
- ⇒ Minimum term but no maximum (payments may reduce after minimum term)
- ⇒ No deposit finance available.
- ⇒ Minimal impact of cashflow.
- ⇒ Does not affect other working capital facilities or lending arrangements.
- ⇒ No Capex Decision required. Larger companies will often require a formal decision before capital expenditure is allowed. Rental removes this need.
- ⇒ Usually off-balance sheet and 100% tax deductible (Customer to obtain independent advice)
- ⇒ Specialised commercial products
- ⇒ Customers can upgrade to new and improved equipment at the end of the minimum rental term, by returning the old equipment and entering into a new Rental contract

Business Loan Product

Definition:

A finance contract whereby the Customer is advanced funds, usually for the purpose of a capital equipment purchase. Finance Now will typically register a security interest over any purchased item.

Loan Product Codes:

1. B850 – Business Loan
This is a standard term loan product with monthly payments in arrears. The customer will attain ownership of the equipment.
2. B860 – Business Loan Deferred
A deferred loan finance option which allows a delayed start on client's first payment to Finance Now. A deferral period can be up to 6 months and is calculated at the customer's expense.

Features of a Business Loan

- ⇒ The customer has ownership of the equipment from the start of the loan agreement
 - ◆ From no deposit financing
- ⇒ Maximum term may run up to sixty (60) months
- ⇒ Payments made monthly in arrears
 - ◆ Deferred payment options available
- ⇒ Intangibles can be included in the purchase price
 - ◇ E.g.: software & service
- ⇒ Tax deductibility
 - ◇ The advance forms a balance sheet transaction on the balance sheet
 - ◇ The GST component on the purchase price may be claimed immediately
 - ◇ Interest and depreciation may be claimed there after as expenses
 - ◇ Customer is encouraged to check with their accountants for professional financial advice before entering into any business agreement

Business Loan Product cont...

Benefits:

- ⇒ Customer attains ownership of equipment on start date of the contract
- ⇒ No deposit finance available.
- ⇒ Minimal impact of cashflow.
- ⇒ Payments monthly in arrears, over various terms to suit the business cashflow.
- ⇒ Does not affect other working capital facilities or lending arrangements.
- ⇒ Specialised commercial products
- ⇒ Interest and depreciation on loan and equipment are tax deductible
- ⇒ GST on purchases can be claimed almost immediately, assisting cashflow

Key Person Insurance (KPPP)

Definition

- ⇒ An insurance policy covering the Business repayments or balance (in some cases) when unforeseen circumstances occur to the nominated key person/s which inhibit the business from making their payments to Finance Now
- ⇒ Key Person = an individual or individuals whose absence from the business would have a material impact on the businesses ability to operate and meet their obligations
 - ◆ Example: Manager or specialist person responsible for generating the business income

Features

Feature	Insured Event	Benefit
Death	In the event of the insured person dying	The balance of the loan will be paid in full
Accident	An accidental injury that stops the insured from working	Repayments will be paid while the insured is off work
Illness	Any illness that stops the insured from working	Repayments will be paid while the insured is off work; If the illness is terminal, the loan will be paid in full
Bankruptcy	If the insured is involuntary declared bankrupt	Covers repayments for three months

Benefits

- ⇒ Affordable for the business (refer to the online calculator)
- ⇒ May increase gross profit on the scale through commission on the insurance product
- ⇒ Peace of mind insurance cover for the business owner in regards to finance payment commitments

Why Sell Business Finance?

Finance provides you with another valuable selling tool. It does this by providing additional payment options for your customers who are unable or unwilling to use other methods of payment when purchasing goods. Finance has become an important part of the commercial environment.

Finance can also be used as a marketing tool, promoting interest free and/or deferred finance options to your customers to attract interest in goods that people may not want to or be in a position to pay cash for at that present time. Not only that, you can use the finance database to market to customers as their loans are repaid, knowing they have potentially more cash to spend.

Commissions can often be earned on finance products. Interest bearing contracts, Booking Fees, and Insurance sales can all act as ways of increasing the all important revenue from a sale.

In the end what we all want is a successful sale. Let's look at this in more detail.

Benefits of Finance

- ⇒ Maximise sales
 - ◇ Minimises lost opportunities
- ⇒ Maximise margins
 - ◇ Allows sales with full margins, boosting gross profits
- ⇒ Extra revenue
 - ◇ Commissions on interest, fees and insurance
- ⇒ Assists marketing
 - ◇ Add value through special finance deals
- ⇒ Reselling
 - ◇ Builds customer base
 - ◇ Rental assets must be returning on termination giving resale opportunities
- ⇒ Finance Now process offers
 - ◇ Automated online application system
 - ◇ Online approval and document generation process
 - ◇ Payment within 24 hours of receipt of completed documentation and invoicing
 - ◇ Payment by direct credit

Selling with Business Finance

Business Rental or Loan Finance

- ⇒ Cash-flow is all-important to businesses
- ⇒ Focus on the monthly payment amounts rather than purchase price
- ⇒ Immediate access to the equipment
- ⇒ Discuss following benefits:
 - ◆ Obsolescence of Office automation for rentals
 - ◆ Benefits of ownership verse rental on the business
- ⇒ Rental or loans are separate to other financing lines the business may operate
- ⇒ Use monthly affordability to up-sell e.g: if over a 24 mth term
 - ◆ \$100 mth = \$2015 purchase price
 - ◆ \$150 mth = \$3020 purchase price
- ⇒ Tax benefits for each type of advance
 - ◆ Customer is encouraged to check with their accountants for professional financial advice

Basic Sales Tips and Techniques

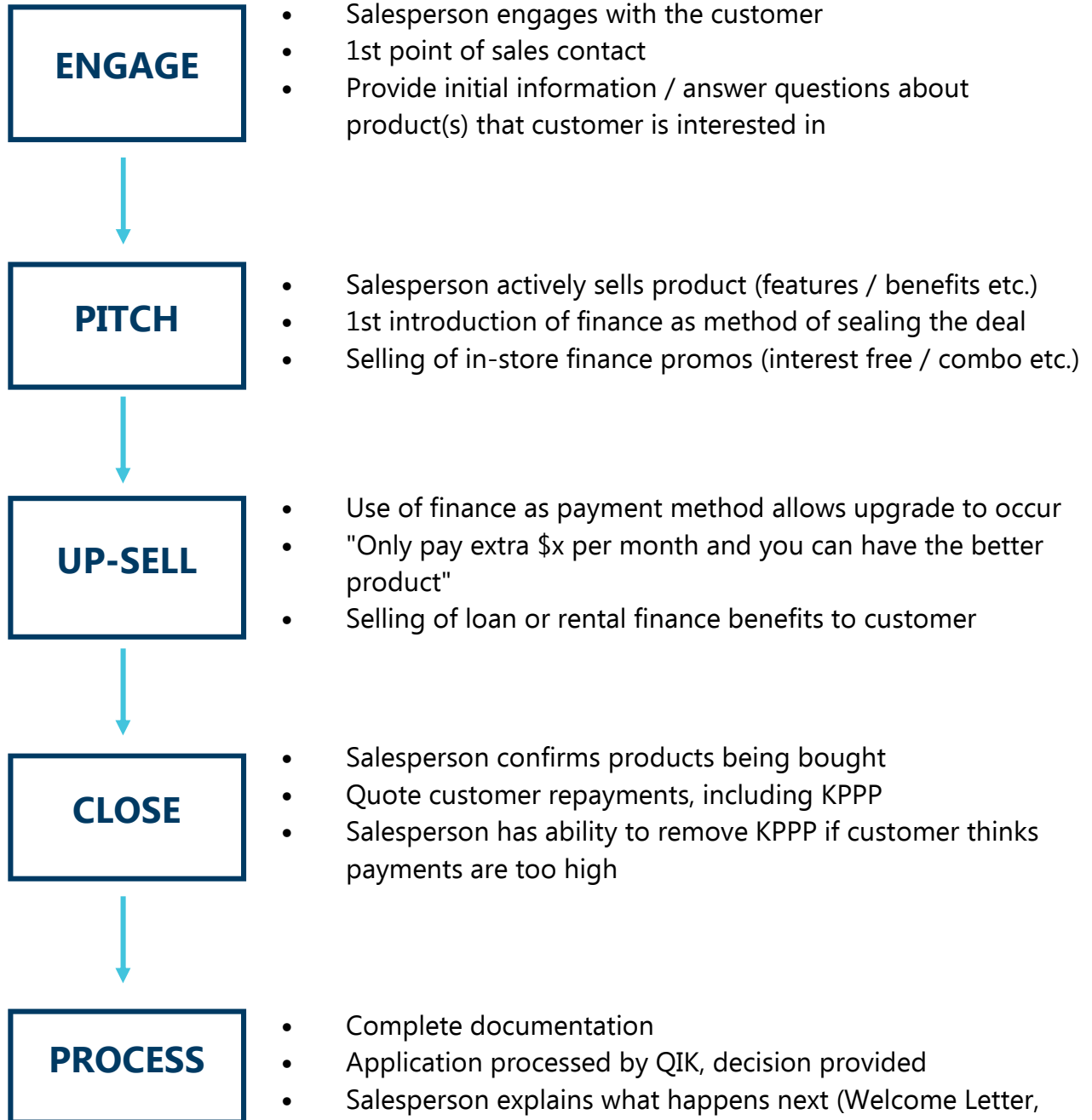
Today there are more types of sales styles and techniques than ever before. So how do you know what works and what does not? It really comes down to what works for you and what works for your products.

Think about your target market and how they think about your product. Do they know they need it and simply have to choose from the various brands in the market? Do they even know about all the products that are available to them?

Having said this, there are some simple techniques that are beneficial in almost any market.

These tips are basic guidelines that almost any sales person can benefit from. Of course we are most interested in finance product sales and have focused on this, but we have also included some general selling tips we trust you will find useful.

The Sales Process



Sales Tips

1. Sell the benefits not the product
2. Find out about your customer
 - ⇒ Where able, research your client's business and what they do.
 - ⇒ Let the customer do most of the talking – people usually love to talk about themselves and their business and what they want.
 - ◆ *"What does your business do?"*
 - ◆ *"What are you looking for?"*
3. Listen to the answers and how the customer is feeling.
4. Focus on your customers' needs
 - ⇒ Don't sell more (or less) than your customer needs
 - ◆ *"What is your budget?"*
 - ◆ *"What are you using the equipment for?"*
5. Use language that focuses on your customer.
 - ⇒ Using "you" and "yours" or "you'll find..." rather than "I think" or "Let me tell you about" brings your message a little closer to home and may grab their attention more quickly.
6. Focus on why they should buy – not their objections
 - ⇒ The customer showed interest for a reason
 - ◆ *"We now understand what you're looking for. Let's see if we can find the best model for you."*
7. Quoting
 - ⇒ Always quote a "complete solution package" and provide a finance quote (either rental or loan) that focuses on weekly/monthly payments, not the cash price.
 - ◆ *"The monthly payment for this package including delivery and installation is only \$x per week/month. How does that sound?"*
8. Closing the sale.
 - ⇒ Ask for the sale.
 - ◆ *"Shall we process this order for you now?"*
 - ⇒ Act as if the client has made the decision already.
 - ◆ *"When shall we deliver this to you?"*
 - ⇒ Ask the customer to agree to the sale if you overcome their objection.
 - ◆ *"If I can arrange delivery on this date, instead of the later date, will you order this today?"*

Sales Tips cont...

9. Never rush the sale or the customer.
 - ⇒ Make sure you have answered any questions before closing the sale. It's much easier to sell to a customer that's not annoyed.
10. Follow through on promises.
 - ⇒ If you say the goods will be delivered by a specific date. DO IT!
11. Don't try to trick your customer.
 - ⇒ If people feel tricked or cheated, they will not only buy from you now, they will never buy from you again and tell others.

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