

Target Marketing: Swimming In The Right Pond

“Direct your resources toward the business you can do well”

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You're wasting time chasing bad business!

You know who you are and there are a large number of you out there. Some are small brokers; others are salespeople for, or managers of, established lessors.

You spend an inordinate amount of time pursuing business you have little chance of getting and couldn't do effectively if you did get it. In most cases, you know that if you could eliminate this habit and target your efforts to what you can do best, you could dramatically increase your income. So why don't you?

Actually, there are several reasons for this sort of behavior. Among them are:

- 1- Wanting to be a "full-service" lessor is one of the most common. The thinking here is that by being all things to all people, you will get more business.
- 2- An inability to say "No" to a vendor. After all, if you don't do every deal for every vendor in your area, how will you retain their loyalty?
- 3- A desire to make significantly more money this year than you did last year and/or set new sales records. The way to do this is, of course, to do the bigger and tougher deals as well as the "Slam Dunks."
- 4- A belief in one's own power. You're the best. If anyone can get this done, you can.

Lost Opportunity Value

The net result of chasing these low-percentage deals and relationships is a lot of wheel-spinning on situations that will never get done (or at least not get done by you), or which will require so much time and effort to complete that you will wind up irritating the very people you are trying to impress, and losing money because you could have been using the time to do other, simpler deals.

Remember, a single baseball game may be won with a home run, but championships are won with lots of singles and doubles.

Take A Good Look

I recommend that you take a hard look at every opportunity you are now pursuing and ask yourself whether you really have the capability to handle it effectively and profitably. Do this also when analyzing opportunities for new accounts, or when aiming for expansion into new geographical areas, new industries, or new types of equipment.

Here are some of the factors you may want to consider:

Funding Capability - *Can I do the business if I get it?*

Most of us are "funder driven." That is to say that we can only do deals we can sell to our funders. You might think that mobile phones, the oil exploration industry or the state of Arkansas are great targets, but many of your funding sources *may* not.

I know a small broker who was convinced the way to corner the telephone business was to write 12-year leases. He spent three years that I know of (and a lot of time in airplanes) looking for a funding source. He *may* still be looking. Anyone interested?

By the way, having one funder who will only do the "A" credits doesn't mean you have the capability to mount an attack on an entire industry.

Competition - *Is there entrenched competition? Are they offering something I can't? Can I win enough deals to make it worthwhile?*

Want good credits? - Target your business to nothing but "Fortune 1000" companies. Of course, your profit spreads will be measured in fractions of a point, and you'll be competing with some 50 other leasing companies, bankers, and assorted other investors bidding on each deal, including some that are offering money at less than your buy rates. You won't have credit problems, but you won't write many deals either.

Competition doesn't just target great credits. If you know a major copier dealer or computer reseller, ask him how many calls he gets each week from lessors. Also ask him how many are offering four hour-credit approval and significant referral fees. Want to compete against that?

Geography - *Can I do an effective servicing job from where I am?*

As communications technology improves, so does your ability to serve wider areas. You can now telemarket nationally, fax applications around the country and computer-generate (or at least Fed Ex) documents to remote locations. So does this mean you're ready to cold call accounts from Maine to California? Probably not, but that's not as simple a question as it seems.

For example, if you have become well known in a particular industry on a regional or national basis (and that means you've probably invested in the trade shows, joined the associations, advertised in the journals, and/or developed a track record of accomplishment with referrals and testimonials to back your claims), then you can probably sell to that industry anywhere. But if you haven't built a solid foundation in a given area or industry, then you'd best target new turf with caution. Remember that as distance increases arithmetically, problems have a tendency to increase geometrically.

It is also constantly amazes me that companies doing about one percent of the finance business in their own communities insist on cultivating markets many miles away when a closer look at their own backyard *may* expose opportunities they've been overlooking; opportunities which are certainly easier to cultivate.

**Personal Skills – Am I knowledgeable enough to pursue this market?
Am I willing to learn more?**

Some business opportunities require greater skills to pursue than others. For instance, you need to know about third-party reimbursement practices before financing CAT Scanners and MRI's for hospitals and doctor groups, and about Department of Defense regulations when dealing with government contractors. If you're going to pursue those markets, you've got to be willing to pay the "entry fee" by reading the books and attending the seminars and association meetings in order to understand that target market. Polishing your leasing skills doesn't hurt either.

Investment – Am I willing and able to pay the price necessary to attack this market?

I routinely ask lessors and brokers how their marketing budgets are determined and how they decide to allocate those resources. I am no longer surprised by the prevalent answers which are, "What marketing budget?" and "We list in the yellow pages, but if my salesmen want anything else, they have to pay for it."

To the contrary, I suggest that you should routinely allocate five to ten percent of your gross margins on marketing (depending on how fast you want to grow). This includes the internet, better-quality printed materials, advertising, public relations, trade shows, direct mail, telemarketing support, consultants and the like.

Without these efforts to get known and meet more "warm" prospects, you are doomed to make nothing but cold calls throughout your career. This means selling each new contact on your skills, capabilities and services, and never building a serious relationship with a business source. That isn't a fun way to make a living.

Service Capability - Can I keep the business if I get it? Is it cost effective for me to do so?

Say a vendor hands you an "impossible credit transaction while saying something like, "You've got to take the bad with the good if you want my business." What good is it to do anything but refuse to pursue it? If you can't do the bad ones, tell him so and move on to deals you can do, or to vendors who are more realistic. Anything else is a waste of time. Likewise, if a vendor requires weekly personal visits from you as a prerequisite to doing business, and that vendor is located 400 miles away, then you're going to have a tough time satisfying him. If he is also limited to one \$5000 deal per month, you won't even want to try because it isn't cost effective to drive 800 miles for that one deal.

The same considerations must apply when you are required to bid very thin deals or when a vendor insists on spiffs that equal half the total profit. Making these "go/no go" decisions up front saves time and money and your refusal to waste your time makes you seem more professional, which often leads to the unreasonable requests being withdrawn.

The Solution To The Whole Problem Is Simple

First, analyze what you can do *best*. Then find prospects within your service area who want these things and give them what they want.

Don't get involved with prospects who make impossible demands. Stop chasing bad credit deals, underfunded start-ups, credit criminals, and other sappers of your energy, enthusiasm, and effectiveness.

Now study the following "Prescription" and take the next step to becoming the big fish in *your* pond.

Dr. Goodman's Prescription For Lease Marketing Success

Here are the six most important factors in effective marketing. Take them all and call me in the morning.....

1- Size Match

Pick targets that are big enough to be important to you and small enough to ensure that you will be able to provide them with excellent service.

2- Become The Best

Learn everything about your target market, its problems and strengths. Also learn what benefits you can offer them. You can't stress obsolescence protection to a boiler-maker or talk about doing 10-year leases for a personal computer marketer.

3- Become A Leasing Expert

If you don't know anything about taxation, accounting for leases, structuring lease payment plans, or the Uniform Commercial Code, then you'll keep losing out on the big and important situations to those of us who do. So learn – now!

4- Act With Integrity

No solid relationship was ever built on lies. Tell the truth when asked about yourself, your company, your competition or the deal you are proposing. If you don't have plenty of positive points to overcome your limitations, then you shouldn't be in the business. And, don't "bad mouth" the competition either. It never works for long and has a tendency to bounce back at you when you least expect it.

5- Network, Network, Network

Join and participate in trade associations, industry associations, networking clubs, service clubs, chambers of commerce, church groups and/or sports groups in your target market areas. This not only presents an opportunity to serve the community and meet prospective customers, but there is no better way to get to know someone than to work together on a committee with him. Get involved.

6- Choose Your Battles

You're not going to outbid Bank of America or GE Capital if they want the deal. Neither are you going to effectively service a vendor located 2000 miles away who sells nationally if you are a small broker. Stop tilting at windmills and direct your resources toward the business you *can* do well.

Good selling.

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