

# Sales Tools for Financing Success

In this document you will find resources to help you position and sell financing to your customers. It all comes down to understanding why a monthly payment is best for your customers. Here's what we've included:

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## BENEFITS OF FINANCING

Don't leave your customer to figure out how to afford the solution you are about to propose. Help them find the best financing solution by offering a monthly payment. Here are the benefits they'll receive.

### NO NEED TO COMPROMISE

You don't have to postpone or delay putting the latest and best equipment/software to work for you. Enjoy productivity improvement with the right tool for the job.

### 100% FINANCING

Leasing offers you the productivity of the equipment/technology you require while meeting cash flow needs. Additionally, "soft" costs such as installation, freight, or equipment set up and service contracts can be included in the monthly payment.

### PROVIDES A HEDGE AGAINST INFLATION

Lease payments are fixed and allow you to pay for today's equipment/software with tomorrow's dollars as you earn them.

### PRESERVES CASH AND CREDIT LINES

Leasing is a proven way to conserve capital while acquiring needed equipment/software. Leasing does not tie up existing credit lines. It allows you to keep capital available for critical areas such as personnel, inventory, or advertising.

Here are some of the options your clients have to acquire your solution, and the pros and cons of each.

### LOW MONTHLY PAYMENTS

We can customize a lease plan that will fit your budget needs. Payments can be lower than conventional financing.

### NO DOWN PAYMENT

This preserves and protects your cash flow, making your money available to work for you rather than sinking it into a depreciating asset.

### FLEXIBLE LEASE TERMS

Choose from a variety of lease terms to suit your individual needs. We will quote all options so you can make an informed decision.

### OPTION TO BUY

If you decide you want to own the equipment/software at the end of the lease, simply pay the amount specified in the terms of the lease.

### EASIER BUDGET FORECASTING

Fixed monthly payments allow you to accurately forecast budgets.

LEASE	BANK LOAN	CASH PURCHASE
<p>A non-cancelable contract extending over a fixed period of time.</p> <p><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• \$1.00 and 10% leases provide benefits of ownership</li> <li>• CFL leases may provide tax advantages</li> <li>• 100% financing</li> <li>• Preserves bank lines and conserves capital</li> <li>• Fixed terms &amp; payments</li> <li>• Flexible terms</li> <li>• Easy add-on/trade-up</li> <li>• Full use without ownership</li> <li>• Creates new credit source</li> <li>• Lets you pay for the equipment as you use it</li> </ul> <p><b>DISADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Non-cancelable agreement</li> </ul>	<p>A non-cancelable contract repaid in regular installments.</p> <p><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Benefits of ownership</li> <li>• May provide tax advantages</li> </ul> <p><b>DISADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Relatively short term</li> <li>• Extensive paperwork</li> <li>• Covenant restrictions</li> <li>• Ties up credit lines</li> <li>• No obsolescence protection</li> <li>• May require compensating balances, down payment, and origination fee</li> <li>• Likely to be on a variable interest rate</li> <li>• Non-cancelable agreement</li> </ul>	<p>Use of working capital for acquisitions.</p> <p><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Benefits of ownership</li> <li>• May provide tax advantages</li> <li>• No financing charge</li> </ul> <p><b>DISADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Depletes cash reserves</li> <li>• No obsolescence protection</li> <li>• Creates price shoppers</li> </ul>

## 12 QUESTIONS TO DIFFERENTIATE YOUR SALE & POSITION FINANCING

When sales reps ask the question, “How do you plan to pay for this?” or “Do you want to lease or pay cash?” the typical answer from their customers is “cash.” Most technology buyers are not educated on other avenues of acquiring new technology, or don’t understand the underlying benefits leasing can provide to their business. While cash and bank lines are options, they can negatively impact a customer’s bottom line. Leasing may have less of an impact on a customer’s cash flow and doesn’t require precious working capital.

By asking the following impactful, needs-based questions you will differentiate yourself, eliminate competitors and put yourself in a position to sell more long-term contracts.

### 1. WHAT ARE YOUR TOP 3 STRATEGIC INITIATIVES? WHY?

Confirming what their business initiatives are for their business will allow you to learn about plans, challenges, and growth opportunities for the future. This will position you to offer a financial solution that fits the customer’s current and future needs.

### 2. WHAT ARE YOUR GROWTH EXPECTATIONS OVER THE NEXT THREE TO FIVE YEARS?

If your customer is looking to grow, you can provide leasing recommendations that will grow with their plans. Financing will free up their funding for growth, and by pairing it with a maintenance program you can help mitigate financial risk.

### 3. HOW DO YOU GENERATE REVENUE?

By better understanding how the customer makes money, you will be able to put technology in place to maximize their profits.

### 4. WHO ELSE IS INVOLVED IN THE DECISION? WHAT IS YOUR TIMELINE?

Ensuring you are spending your time with the decision-maker is important. This question may also help you drive the conversation to include any other decision-makers.

### 5. GIVE ME TWO EXAMPLES OF HOW TECHNOLOGY HAS HELPED MAXIMIZE YOUR PROFITS.

The answer should give you an idea of how the customer is already using technology, and provide direction for a demo. You can concentrate your efforts on the most important piece of the business.

### 6. GIVE ME TWO EXAMPLES OF HOW TECHNOLOGY HAS COST YOU MONEY.

Finding a pain point will help you isolate issues and provide solutions that will negate situations like this. This may also help you position a long-term maintenance contract.

### 7. HOW IMPORTANT IS CASH OR WORKING CAPITAL TO YOUR BUSINESS? WHY?

Confirming how important cash or working capital is to the business is a crucial step in the sales process. If it is important to them to have working capital, you have successfully positioned a lease or rental program.

### 8. HOW HAS TECHNOLOGY AFFECTED YOUR ORGANIZATION IN THE PAST THREE YEARS?

This will help frame up whether the customer understands how your technology could impact their business. This can also help the customer understand the importance of having a vehicle that provides up-to-date technology.

### 9. HOW WILL THIS NEW TECHNOLOGY IMPACT YOUR BUSINESS TODAY?

This will help validate your new technology sale. You can create a sense of urgency and shorten the sales process.

### 10. HOW WOULD YOUR COMPANY BE IMPACTED IF YOUR SYSTEM WERE DOWN FOR A DAY? WHAT WOULD IT COST YOU?

Most companies rely on technology to keep their business running. Even a temporary loss of functioning technology would be costly. The prospect of down time is a strong way to position the cost of a new system today against potential loss. It also presents the importance of long-term maintenance contracts that protect the customer.

### 11. IS A FACTOR IN YOUR DECISION THE IMPACT TO YOUR BOTTOM LINE? IF YES, WHY?

If they’re thinking about their bottom line, you should recommend long-term maintenance contracts along with monthly equipment payments. Having already set the stage, you can avoid price objections because you are showing savings in the long run. In contrast, your competitors are showing small, one-time savings on the equipment.

### 12. WHAT ARE YOUR GREATEST CONCERNS FOR MAKING THIS DECISION?

You need to understand the customer’s mindset going into this transaction. This final question will help you overcome objections before the concerns become objections.



**50¢**  
of every dollar spent on  
equipment in the U.S. was  
financed in 2019.\*

Source: Equipment Leasing and Finance Association's  
2019 U.S. Equipment Finance Market Study

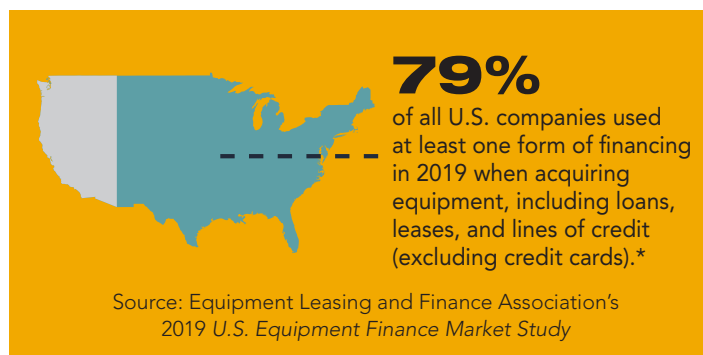
## TALK TRACKS AND OBJECTION HANDLING

Sound smart when your customers ask questions about the finance payment or have objections.

### OVERCOMING COMMON FINANCING OBJECTIONS

*We don't finance technology.*

**Response:** This technology is the perfect opportunity for you to try financing. We work with many companies who finance for the first time with us, and love the benefits. Those same customers end up preserving their cash and have a budgeted monthly payment that allows them to keep their equipment current.



*Financing costs more than paying cash.*

**Response:** Many times, the reward from investing your cash rather than spending it on new technology makes financing a better option than paying cash. If you pay cash for the system, it will continue to depreciate. If you use that cash to invest into growing your business, you will earn many times more than you will ever pay on finance charges.

*We only want a \$1 buyout lease and to own the equipment.*

**Response:** The \$1 buyout option does have benefits including Section 179 tax breaks, and owning the equipment at the end of the agreement. You should also consider the great benefits of both a Fair Market Value (FMV) and rental option.

FMV programs have a lower monthly payment, and more flexible options at the end of term. You can return the equipment, upgrade, or purchase the equipment at Fair Market Value. With GreatAmerica, the end of term FMV won't go above 15% of the original equipment cost.

The rental program is an operating expense, and so it can be treated as a day-to-day cost.

*I only want an operating expense.*

**Response:** Our rental program is typically considered an operating expense. Check with your accountant to find out if you'll be allowed to treat the rental as a day-to-day expense, and get all the benefits of an operating expense.

*Your monthly payment is higher than your competitors.*

**Response:** If you are comparing only the monthly payment, it could appear that way. Know that many banks and financial institutions have hidden fees in their finance agreements. Those fees can include locked-in renewal payments (some up to a year), fees to process taxes, interim rent, and inflated Fair Market Value residual pricing at the end of term. GreatAmerica does not have hidden fees in their agreements, and puts this in writing.

*I want to add equipment to my agreement.*

**Response:** No matter which finance option you choose, adding equipment to your lease throughout the finance term is simple. This will allow you to get the equipment you need now, and be prepared for future growth.

### FREQUENTLY ASKED QUESTIONS ABOUT FINANCING

*Why should my company finance new technology?*

Financing preserves cash, protects credit lines, and is eligible for tax benefits. It also helps you budget monthly expenses.

*Should we buy and own our new technology?*

There are some cases where outright buying equipment makes sense, but at the rate technology is evolving you may end up owning an obsolete system. Ask yourself two questions to determine whether financing is right for you.

- How else can you use your cash or credit lines? Many companies use cash to hire new employees, invest in marketing and future company growth, or for unforeseen emergencies.
- Are you prepared to make another capital investment to upgrade this system in 3-5 years?

Financing puts you on a monthly budget, and by the time the system is outdated, you will be able to upgrade an already budgeted item and keep a comparable monthly payment.

*Is financing only for large enterprise companies?*

According to the Equipment Leasing & Finance Association, 7 in 10 businesses in the United States use some form of financing to acquire equipment (excludes credit cards). Financing provides benefits to businesses large and small.

*How much money will I have to put down?*

We provide financing with no money down on most transactions. Bank loans or credit lines will often require money down to initiate the transaction.

## What are the different types of financing structures?

Customers typically choose between \$1 Buyout, Fair Market Value, or rental agreement. Many customers choose a rental program to keep their technology current, and for operating expense benefits.

	\$1 Buyout	Fair Market Value	Rental Program
Your Benefits	Accounted on your balance sheet and depreciated	Lowest monthly payment	Generally considered an operating expense
End-of-Term	You own after final payment	You have the flexibility to purchase, upgrade, rent, or return	You may return, continue renting, or upgrade

## What are the differences between a capital and an operating purchase?

Typically, a \$1 buyout lease is a capital purchase. It is recorded on your books as an asset, and you can benefit from the Section 179 tax break. However, if you are looking for something that you can treat as an operating expense, renting the equipment through a finance rental agreement could be the best option.

Check with your accountant to see which benefits suit you best.

## Can we add equipment to our agreement?

Yes, adding equipment to your agreement during the term is simple. Most times, add-ons are coterminous, making the new payment end at the same time as the original lease.

## Isn't the lowest rate the best option?

Not always. Many banks and financial institutions have hidden fees in their finance agreements. Fees can include automatic renewal payments (some up to a year), fees to process taxes, interim rent, and high Fair Market Value residuals. Before making a decision, read through the proposed finance agreement and be sure you will not be surprised by hidden fees.

## ABOUT GREATAMERICA



- Founded in 1992; headquartered in Cedar Rapids, Iowa
- Largest private independent small-ticket equipment finance company in the United States with over \$2 billion in assets
- Principle-based Customers For Life® culture
  - Team-based structure with a “customer first” attitude
  - Truth in Leasing Statement from our CEO puts ethical treatment policies in writing
  - Two-ring response and no voicemail during normal business hours

### Six Distinct Business Units That Focus on Understanding Defined Markets

- Communications & Data
- Direct Programs
- Automotive
- HealthCare
- Office Equipment
- Specialty Markets