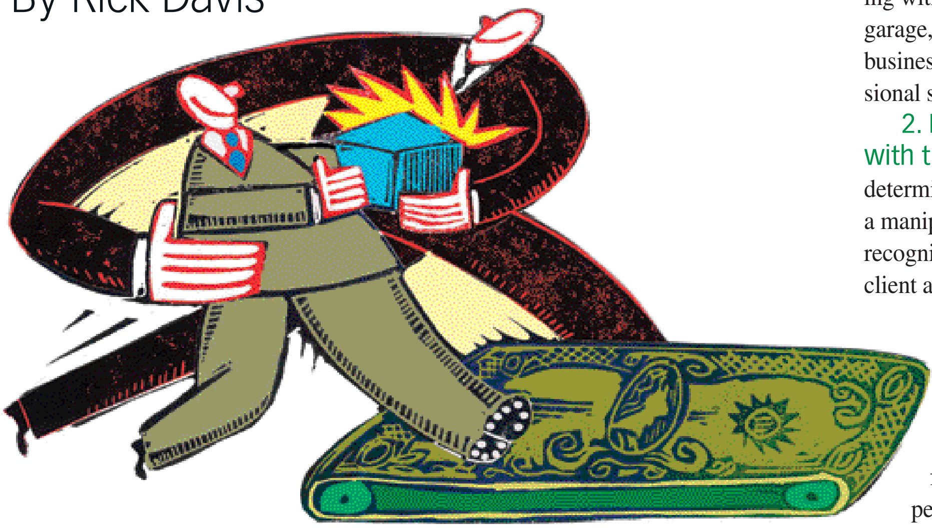
Sell Sheet

Pay Role

Your job as salesperson doesn't begin or end with making the deal. These days, you're crucial to your company's work in extending credit and getting paid.

By Rick Davis



Rick Davis is president of Building Leaders, Inc., a Chicago-based sales training organization. 773.769.4409. E-mail: rickdavis@buildingleaders.com

Let us open the new year by avoiding the mistakes of the past. Rather than blame your credit department for your company's poor collection rate, take responsibility as a Sales Leader to proactively manage credit.

Salespeople commonly profess to be the eyes and ears for their credit departments yet, in private jest, freely call credit managers the "sales prevention department." You have often heard "the sale is not complete until the payment for goods and services is received." It may be a cliché, but as a Sales Leader, recognize that this is a fundamental reality of business. Your role in securing funds is as important as ensuring that deliveries occur on time.

True Sales Leaders take the job of credit seriously and properly manage this important aspect of business. The typical salesperson in our industry is a credit application "dropoff artist." Premature presentation of the credit application is one of many signs of the order-taker mentality. In fact, many organizations encourage their salespeople to shove a credit application into the hands of a prospect early in the selling process. This practice is as trite and disingenuous as an in-home salesman that, before offering a sales presentation, asks a homeowner if he is willing and prepared to pay.

Your credit department can share numerous warning signs that trouble is afoot: unreturned collection phone calls, partial payments, excuses piled upon excuses. But these are all late indicators and not part of the early sales process.

True sales leadership requires you to be a proactive manager of credit. Your job is not to sell your employer on extending credit but rather to ensure that payment will be received. Become your credit department's eyes and ears, not just in words but in deed.

1. Provide a physical inspection report of the company. If you are dealing with a company that operates from a home garage, you may want instead to seek out stable businesses that have a home office and professional staffing.

2. Discuss the client's reputation with the office. No credit application will determine if you have a combative negotiator or a manipulative prospect on your hands. Learn to recognize the difference between a collaborative client and an adversary.

3. Consider the sales capabilities of the company. Given the market's performance over the past decade, it is possible that some builders have been on a run of luck, successful in spite of poor marketing and sales performance. You will not receive money in the long term unless your clients continue to be successful as sales and marketing organizations.

4. Recognize how a company's history relates to its risk. An old company that doesn't show well on paper may be a risk, while a new company with an executive eager to put personal wealth on the line might be a good credit risk. It is up to you, not your credit department, to have the frank conversation with the latter.

5. Beware of clients that have a bad attitude toward credit. When you extend credit, you are acting as a bank, and a bank would always expect frank disclosure of financial data before extending credit. If your client is reticent about providing information, consider it may be trying to hide important information or a difficult collection problem later on.

The fearful order-taker asserts that a sales opportunity to a client may be lost if credit is not extended. The powerful Sales Leader recognizes that it's best to leave an unworthy credit risk to the competition. Let others take on bad credit risks. You may lose a short-term opportunity, but ultimately you will gain a competitive edge. ■

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