

# Making Finance Work for You

Financing is the art of deferring payment so one can assume goods now and pay for them with future earnings. As contractors we are familiar with financing because we have credit cards and probably most of us have bought a house. Over 85% of the population today wants and needs credit, but many contractors in their replacement sales proposals seldom mention credit. If so many people want and need credit and credit causes them to buy more expensive things, why don't contractors use it more?

Most manufacturers and a few contractors use some type of third party administrator to handle credit. The administrator may be a bank, credit union, or finance company that takes the risk of getting paid away from the contractor. The contractor usually has to give up part of the sale price to the administrator, but the loss of revenue makes up the rewards: no collections, fast payment, and more expensive purchases.

Use financing as a selling tool by bringing the idea up early in your sales presentation. During your home survey, ask how

much is affordable to them on a weekly or monthly basis for the purchase of a new system. Tell them you have many cash and financing options available which may include: revolving credit, 90 days or 12 months same as cash, etc. If customers get the "how do we pay for this?" out of the way early, they are more attentive to your presentation and can easily see how they can afford maximum comfort.

Through financing, a 13 SEER unit could cost just as much per month as a 15 SEER unit. How? Monthly payments. The monthly payment on a 13 SEER over 3 years could be \$120, but the monthly payment for a 15 SEER might be only \$125 over 4 years. Longer term, but same out of pocket expense each month. Since the new system is saving energy, the net amount is less than \$125.

The car industry today allows you to drive very expensive cars for the monthly price of a cheaper model. They ask how much you can afford per month, then fluctuate the months on the note to meet your needs. That is why we have time payment periods, so everyone can

participate in purchasing.

Remember, next time you present your proposal, show the customer how they can afford the best by using future earnings. The savings from utility bills will also offset the amount, so out of pocket expenses are lower. Show total price of the best system and take the price down to monthly investments over a period of time best suited for your customer. You'll both win.

No one can afford a \$500,000 house, but most of us can afford \$2000/mo.

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