Selling Corporate IT Solutions...

With Lease Vs. Buy Outcomes

BY RICK BUETI

Exasperated by salespeople who resist offering leasing and financing with a proposed information technology solution, IT leasing veteran Rick Bueti presents the four most common objections he hears and offers his straightforward retorts — and advice — to those struggling with the lease versus buy decision.

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July 1, 2012 marked the 20th anniversary of the start of my career in the IT leasing and financing business. Over that span of time, I've come to realize this essential truth: There are two types of salespeople in the world when it comes to selling leasing and financing along with a proposed IT solution:

1. People who get it.
2. People who don't.

For the purpose of this article, I'm going to focus on the salespeople who don't get it, and why they need to start.

I don't need to tell you that the current economic situation in the U.S. is challenging. Recent surveys show that corporate executives are very concerned about the impact the Affordable Care Act will have on their businesses upon implementation in 2014, not to mention a crushing income tax burden. As a result, they are holding back from making capital acquisitions, significantly weakening U.S. GDP growth.

One great way to combat some of these economic concerns when selling corporate IT solutions is to offer competitive leasing and financing options to make the acquisition more affordable for the client. However, IT salespeople are very often unwilling to provide a financing option. They would rather try the perceived path of least resistance — get the purchase order, and get out of the IT director's office. As a result, I hear a bevy of excuses over and over again on why their particular customers "won't finance."

Well, I have had enough, and it's time to set the record straight. Following are the four most common (and comical) objections I hear from IT sales folks, and responses I'd love to actually provide, but can't because I live in a politically correct world and wouldn't want to upset anybody (until now):

Objection # 1: "My customers never lease."

Non-Politically Correct Response: Pardon me while I control my laughter. Okay, I'm done.

Guess what? Eighty percent of customers in the U.S. lease at least some of their IT equipment. So, what makes your customers any different? *You simply are not talking to the right person within your customer's organization.*

Guess who makes the lease versus purchase decision? Right, the CFO. Go meet with him or her. You say you don't know the CFO? Ask somebody for an introduction. Newsflash: The IT director you are selling to doesn't really care how the solution you propose is paid for, he just wants whatever solution you are proposing to perform like you say it's going to perform and ensure it provides the ROI you have promised. He'll let the CFO decide on how it gets paid for. So, do yourself a favor. Get to know the CFO.

Guess what, again? According to the latest ELFA projections, $1.3 trillion will be spent in the U.S. on plant, equipment and software investments in 2013. Roughly $742 billion (55%) of those investments will be leased or financed in some form or fashion. That

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includes *your customers*. Somebody within your customer's organization wants to finance. You just need to have the courage to do a little digging and find out who and where they are. Take them to out to lunch, then offer them an attractive lease option for dessert. Trust me, they will like it.

Objection #2: "My customer is (pick one) 'cash rich,' 'flush with cash,' 'has cash coming out the kazoo,' so they're just going to pay me cash."

Non-Politically Correct Response: You are right! Your customer probably is cash rich. There is currently more than $2 trillion of cumulative cash on the balance sheets of U.S. corporations, more than at any point in history. So what?

Let me ask you this: Does this mean your customer wants to drive down the street like Robin Hood and throw bales of cash out the window? Because that is essentially what he is doing if he doesn't consider leasing your proposed IT solution (especially if there is hardware involved). Why? Because any CFO worth his or her salt knows that paying cash for a rapidly depreciating asset is, how can I put this delicately — *foolish*.

Look at it this way. Cash is a precious commodity. Cash is equity. Cash belongs to the owners (private) or shareholders (public) of your customer. Cash does not belong to the IT director you are selling to!

I'm a New York guy, so I try to keep things simple. I've heard people say the phrase "cash is king" to me once or twice in my lifetime. And you know what? They are absolutely right.

Customers that know what they are doing *always* preserve their cash to invest it in their core business or in places where they will maximize the return for their shareholders. They *do not* spend their cash on rapidly depreciating IT products. Instead, they lease their IT products to enhance their balance sheet, improve their return on assets, increase their flexibility, lower their costs and stay current on technology. CFOs understand this stuff. Trust me, they will appreciate it if you give them a financing option because every decision they make is a financial decision. Just do it. If you run into another roadblock, remember this paraphrase and use it often: *"The days of buying, holding and maintaining IT equipment are over — it's always cheaper to lease."* (I'll give Joe Pucciarelli at IDC credit for that line.) Now get with the program, and start selling leasing/financing with your IT solution!

Objection # 3: "My customer once had a 'bad leasing experience,' so they never lease."

Non-Politically Correct Response: I had some bad shrimp one time and got sick as a dog. But I still eat shrimp. Get over it, and please don't waste my time with this nonsense again!

Objection # 4: "Selling financing is not worth my time or effort."

Non-Politically Correct Response: Okay, so let me get this straight. You aren't interested in putting a simple lease on the table whereby, if your customer signs a couple of pieces of paper, you (and your company), will:

- Get paid much faster by the leasing company than via your net 30 to 45 day purchase terms;
- Transfer your Accounts Receivable risk from your employer to the leasing company;
- Sell more stuff in the future;
- Give your customer a predetermined roadmap for upgrades when the lease ends (i.e., they give the old widget back to the leasing company; you sell them a new widget; they lease the new widget … rinse and repeat);

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- Make your customer happy by providing him with a complete solution versus just selling him a box and begging for a purchase order;
- Improve your company's cash-flow;
- Enhance your overall relationship with your customer;
- Probably get a referral fee from the lessor (i.e., more margin!);
- Make your boss ecstatic?

I can certainly see why it's not worth your time and effort. You have much better things to do — like putting that big, fat $100,000 IT proposal on your customer's desk and crossing your fingers while you pray that he doesn't ask you to "start sharpening your pencil," instead of telling him, "or you can sign these two pieces of paper right here and lease it for just $2,600 a month."

Now that you are convinced that we've heard all of the objections before and that selling leasing/financing truly is the way to go, I will leave you with this as a final rule of thumb that you may share with your customers that are struggling with the lease versus buy decision: Customers that **L**ease **E**quipment **A**re **S**o **E**xcellent. m

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