I wish I knew...

Robert Wash Ast Editor

At that time, merchant services seemed like nothing more than a commodity to me. Obviously, everyone should accept cards. But I really wasn’t sure what I was selling or why I was selling it. When I walked in the door, the barber was sitting in a chair and looked up. I introduced myself. He immediately said, “I don’t take cards; I told that lady not to send you.” My first thought was, “Way to go telemarketer!” And my next thought was, “This guy is crazy not to accept cards!” After a ten minute back and forth conversation, I walked out without a sale and with the profound feeling that I had found a new challenge.

Our industry is always changing

Remember that the only thing more expensive than change is choosing not to. Be open to new ideas, new business models, new technology, and news ways of accomplishing your daily tasks. The number of ISO’s to whom I’ve spoken who are still uncomfortable giving up their incomprehensible spreadsheet proposals for a new, sleek web version like our instant quote tool is unfortunate. Just because something worked last year doesn’t mean you can’t improve and grow.

I still believe in the payments industry! There is still potential money to be made and merchants to service. Let’s get excited about the future again. Let’s talk about how to leverage our strengths as merchant services sales professionals and ISO’s to embrace the changes coming our way and to dominate in this new payment landscape.

Robert Wash Ast Editor

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Two Things I Wish I Knew Years Ago About Business.

BY: Derek Fulton
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This is a bit unique. But I’d like to share some principles which may be very helpful to those of you who are still learning the business. I really appreciate those who enjoy my content, especially those who aren’t even selling credit card processing. If I had known these two things ten years ago, I would’ve been farther down the road now! Learn for yourself from my experience in this business.

#1. Everybody in business is looking out for their own interests. AND everybody has a different perspective on what that is! Many of you don’t have a good perspective on what’s happening around you. Don’t think only about yourself and what you want. That is not profitable. And even more dangerous is assuming you know what someone else wants. Everybody has a different idea and different requirements. Here are some examples to make this more practical.

No matter what business you have, there are probably four or five main decision makers who have a huge impact on your profitability. The CEO of the processing company for whom you sell, your manager, coach, or mentor at your processing company, even a key client could fall into this category. Perhaps this person has some flexibility in providing resources such as an appointment scheduler. These are core people making decisions which are going to impact you. You’re asking yourself how to navigate the situation to your best interest.

The first temptation is one you should resist. “Well, here is what I want. If that is what I want, I just need to try to get what I want.” That attitude will almost guarantee failure.

The second temptation is just slightly better. “I know what this other person wants. I’m going to find a way to give them what they want and make a compromise.” To assume you know what the other person wants is just as dangerous.

#2: Most problems can be solved with money. I think I finally learned this four or five years ago. I wish I would’ve learned it sooner. There are many variables, but there is probably a price at which you can solve most problems.

Perhaps you’re needing to hire an employee, but you don’t have the money. Consider whether you know how to lead and manage people.

Business is a very difficult game. If you want to play, you must come ready to play. Read books. Dive deep and know what you’re doing. Then once you have the core building blocks, money can solve a lot of problems. In business you must focus on generating cash. That sounds like the most obvious statement ever, but many people don’t understand. The more you focus on generating sales, revenues, and profits, the easier you’ll be able to solve problems.

This may be the most common mistake I see in sales people. Especially this true with personal problems. A sales rep thinks, “Oh, my car broke down. What am I going to do about this? I’m going to have to take a week to sit on the couch and watch Netflix because I’m so depressed.” However, if this sales rep actually worked harder than ever in the field for thirty days, he or she would probably make enough money to buy a car!

Don’t be prideful. Have the mentality which says, “Look, whatever I have to do to make this work, I’ll do. I’m going to work as hard as I can for thirty days.” If you focus on the problem, you won’t make any money. However, focus on opportunities and putting all your energy and effort into those opportunities. You’ll be amazed at what you can accomplish.

“The more money you make, the easier it will be”
1. to hire an attorney to solve a problem.
2. to hire that assistant or secretary and maximize your time.
3. to hire an accountant to help with your taxes.

Then you can focus more on sales. Focus on opportunities. I hope you’ve learned for yourself from my experience, so you can be farther down the road than me in ten years!
The banks and brands will not allow the U.S. Payments industry to sink to commodity prices, but merchants are starting to fight back.

If you are still not offering cash discounting or surcharging on principle, let me challenge you to come up with a way to address this new reality. Passing the cost of processing on to the consumer is gaining traction.

No one can deny that. Why is this happening? Merchants are starting to wary of spending more on payment processing than on rent. There is plenty of room for more creative solutions to this issue. However, understand that the desire of merchants to eliminate this massive cost to their business is strong and increasing every month; don’t get left behind. I still believe in the Payments industry! There is still potential money to be made and merchants to service. Let’s get excited about the future again. Let’s talk about how to leverage our strengths as merchant services sales professionals and ISO’s to embrace the changes coming our way and to dominate in this new payment landscape.

Businesses are changing the way they accept payments. A larger chunk of payments each year are processed either online or through point of sale systems. What are these ISV’s (Independent Software Vendors) looking for? A bigger and better sales channel to sell their software! You are in a position of power if you know how to sell merchant services. Don’t be afraid to approach providers of software you think your merchants need. Offer to sell the software as long as they work with you to integrate your payment services.

Make it a great day!
Derek Fulton
CFO, NMC

BY: Larry Sneed

For three days in a row you have been out walking into businesses without finding interest.
Finally, you meet a business owner who connects with you and agrees to provide you with a statement. After three return visits you finally get the statement. Two days later you come back and close the sale. You spend an hour making sure the paperwork is in order and faxing in the deal.

Isn’t this enough work on your part to merit getting your full upfront bonus?

Nope, sorry! Many processors require the install of a terminal and processing of several hundred dollars before getting your first up-front bonus. Even then you only receive a portion of the total expected. You get the rest of the money after 30 to 90 days. I don’t believe it should be that way. As a sales partner, you work hard and deserve to get paid. Here are the most common up-front bonus traps in our industry. Ask your processor about them and avoid these cash-flow-killer compensation programs.

“Paid on Activation”
Let’s face it, there are finally enough processors who “pay on approval” to prevent the necessity of your acceptance of “paid on activation.” Paid on activation program means you have to wait until the merchant processes several hundred dollars before you get your up-front bonus. Look instead for a processor who will provide “paid on approval” compensation. Paid on approval means you get paid the day after the sale is “approved” rather than the day after it “activates.” This will help your cash flow in a big way. And it will put the risk of activation back on the processor, giving them extra incentive to help you activate your deals.

“How to Avoid Commission Traps.”

“A dollar today is worth slightly more than a dollar tomorrow.”

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“True Up / Profit Review / Volume Bonuses”
As a sales partner in our industry, you will see ads all the time. They advertise programs that pay “Up to $800” or “Up to $1,000” or (one I saw recently) “Up to $2,000” per sale in up-front compensation. This is a gimmick! A bonus of that size only pays out on a very small percentage of the deals. Traditionally, you must use certain minimum pricing guidelines to get the bonus from these processors. This is virtually impossible to do on large accounts that already have low pricing. Even if you do give them the correct pricing, you usually have to wait 30 to 90 days to get the full bonus. That won’t help you put gas in your car to keep prospecting tomorrow. The reality is most processors only pay $200 or so up front. This brings the average up-front pay out to less than $300 when free equipment is provided, even after all the volume and true up bonuses. The most important stat for up-front bonuses is how much you get paid on approval for the average deal after providing free equipment. Also, how much of this total amount will hit your bank account within a couple days of making the sale?

No Free Terminal Placement Bonus
Most processors who have a good up-front bonus and residual mix penalize you for providing a free terminal. In other words, you make more money if you don’t provide a free terminal. This makes obvious financial sense for the processor since they don’t have to buy a terminal. Although I realize I am almost alone in this belief, I really don’t think to reward sales people for not providing a free, upgraded terminal is smart. I’ve spent hundreds of hours in the field personally. Providing a free, pre-programmed terminal to every merchant has two obvious benefits.

(1) It create the best experience for the client.

(2) It allows the sales partner to eliminate spending two hours re-programming a ten-year old terminal. Thus, the sales partner is free to move on to the next deal more quickly. This also helps retention. Other sales people can’t steal your account by providing a new, “upgraded” terminal. Chargebacks will probably always be a part of our industry’s compensation at some level. They discourage dishonest sales people from placing shady deals which will never activate. A “bonus chargeback” or “claw-back” means you must repay your up-front bonus if and when someone cancels during a certain time period. Most processors have either a 6, 12, or 18-month “Chargeback,” “Buy Back,” or “Claw Back” period (processors use different terms.) Some processors enforce a “profit adjustment.” This means even if the merchant remains active but with a lower profit level than preferred by the processor, the sales partner could end up paying back a portion of the bonus. Make sure you understand how your processor handles bonus chargebacks.

This commission trap is really for experienced merchant services sales professionals. It is up for debate whether you consider this a commission “trap” or not. Keep in mind I get a little technical with this one and really dive into the financials of the industry. If you are a newbie, this one might go over your head.

My advice is to take a healthy up-front bonus and keep a solid residual split in place. .
Tips for Selling Merchant Services in 2019

Here are 3 tips for selling Merchant Services in 2019. You’ll see great results if you implement these:

**Tip #1 – EMBRACE SIMPLICITY.** You’ll hear about many tools of the trade in our industry, such as technology advance and integrations. However, most merchants with whom you interact in the field and on the phone are looking for simplicity. They want flat rate pricing, subscription rate pricing – simple, simple, simple! Simple isn’t always flat rate. Interchange plus pricing could also be promoted as simple. You could say, “You know, flat rate pricing is sometimes complicated because you can’t tell whether you’re being overcharged. We offer a flat half percent mark-up over interchange instead.”

In merchants’ minds, merchant services is a solved problem, something they don’t need to worry about again. Just as they are not going to spend a ton of time looking at which cell phone provider to use this year. They’ve already chosen Verizon or Sprint and don’t want to switch. There isn’t a lot of value in switching. The thought is, “I have a cell phone; I’m good.” So, embrace simplicity in merchant services, too.

**Tip #2 – EMBRACE TECHNOLOGY.** Right now most processing agents and ISOs are going wide and shallow with technology solutions. What I mean is they may sell as many as fifteen different point of sale systems and smart terminals. They sell Poynt and Mynt and Clover, etc., but they don’t really know anything about any of them.

My challenge to you would be instead of going wide and shallow, go narrow and deep. Pick a point of sales system or a smart terminal you like and that you think serves 50% to 60% of your prospects. Then become an absolute expert. I mean, you should know everything there is to know about that terminal or that point of sale system. You could program it yourself. Know it inside and out; spend a lot of time learning. Get to know their support people. Start making sales with it. Really, really, really get to know it and go deep.

Later, maybe you’ll add another one. Next year perhaps you’ll add three new technology offerings to your value proposition. In 2019 embrace technology. But don’t embrace it in a wide and shallow approach; go narrow and deep. Become an expert.

**Tip #3 – TARGET VERTICALS**

This doesn’t mean selling exclusively to pizza shops or hair salons in 2019. Similar to tip #2, this means going deep not only with technology but with your marketing efforts, also. While you may target five or six different verticals, take a little time to really dive deep into each of them. Become more of a payment processing expert for them.

Customize your marketing materials. This is one of the most powerful things you can do. If you go to Staples, you can get your business cards for $10.

Why get one box of generalized business cards when you could get five boxes of specific cards? Create one card for your pizza shop offer, another for hair and nail salons, etc. The idea is to give them options. Thus, when you go into the field, you know the value proposition for each vertical. Think about the merchants from their perspective. What are their particular concerns for 2019? How can your offer speak to that? My big challenge to you in 2019 is to get into those verticals; go really deep; and become much more of an expert. Once you establish a good offer, find a way to simplify it. (See Tip #1.) Make your offer a no-brainer decision for merchants, and make it easy for you to explain. I hope that you have a record 2019 and sell more merchants than you’ve ever sold before.

By John Lewis
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Upcoming Events

• **5 Reasons Not to Build a Sales Team.**
  After working pretty much full time for three months, I received the princely sum of $0.60! I was able to persevere and build a huge team before shifting.

• **Surcharging and Clover – The Battle Continues.**
  Several weeks ago, I discussed the Visa bulletin which declared cash discounting non-compliant with Visa rules.

• **Winning the Numbers Game in Prospecting.**
  I want to explain how to win the numbers game in prospecting. I'm in the midst of the best sales book I've ever read...

• **Build a Profitable Book by Selling Value.**
  Build a Profitable Book by Selling Value Learn how one ISO builds and sells technology solutions that drive value.