

My Reaction to the Credit Crisis

All I can do is what I can do and right now is a good time to do all that I can.

I've been in the equipment leasing business in the US for almost thirty years and the owner of my own small company for almost eighteen of them. Equipment leasing is, essentially, an alternative form of financing for acquiring the business use of capital assets. Some parts of the industry are truly asset oriented, where most of the considerations surrounding any given transaction are based on the initial and the expected residual values of the equipment to be leased. Much of the industry, though, and the part of it I operate in, are far less focused on the value of the equipment to be leased than on the general creditworthiness of the company that will be leasing it; fundamentally it's a credit based business.

Because any economic 'bumps in the road' can directly affect the cost as well as the availability of business credit, one question I've been asked dozens of times over the years when we've hit those bumps is: How is the economy affecting my business? My favorite reply is to say that my business is way too small to be effected by anything as big as the national economy! That's partly my idea of being witty but it's also the only choice I have in looking at it.

You see, as a small business owner, all I can really control about my business is what I do every day. If things in the economy-at-large are normal and I want to improve my business, I just need to work a little smarter. If things in the economy-at-large are really going gang-busters and I want to be sure to maximize the opportunity to improve my business, I just need to work a little smarter then, too. And if things in the economy-at-large are going very poorly and I want to improve my business, can you guess what I need to do? That's right; I need to work a little smarter.

So what do I think is the smart way for me to be working today? Well, this is a credit crisis, according to news reports. Nobody's going to be lending money they say. I'm not so sure, though. There's still money around and sitting still it isn't worth much, so I think it's more likely that money will still get lent, it will just get lent more carefully and to the best quality customers. In fact, I think much of it will go on a local basis to other small businesses, businesses who think like I do, that they can control how the economy affects them by controlling how smart they work every day. That's good news for me. A small business like mine has a better chance of effectively reaching the other small business owners around me than those 'big guys' do.

The other good news for me is that as the local banks that those small businesses around me are used to turning to for loans tighten up their policies and purse strings, those customers will be more open than ever before to looking at alternatives. Guess what business I'm in? I'm in the alternative to traditional bank financing business. I'll have the opportunity to get a foot in the door with many potential customers that never gave me a thought before. See what I mean? It's good news for me.

Nobody likes to hear the same bad news over and over so a working-smart move for me is to create articles, press releases, and public talks that show small business owners that they still have credit avenues open to them through me. This will counter some of the negativity they're hearing and, more importantly, will identify me with them, as someone who's moving forward in spite of that negativity we're hearing. In times like this, I look for every possible opportunity to get in front of a group of local business owners to establish myself as a forward looking 'expert'. My thirty years of experience has proven that to be a powerfully effective and smart way to invest my time and particularly in times when my competitors may be going into hunker-down mode.

The kinds of businesses that still can get credit approval are successful businesses and successful businesses are used to having choices. They're used to having choices and they're successful because they understand how to evaluate choices and make good decisions. Having funding available for this market isn't the same as the easy days of selling into the sub-prime credit market, though. You don't have to be particularly good to sell into the sub-prime market; you just have to be willing. In the top credit tier market, though, the market that I need to be effective with to work my way through this credit crisis, I can't expect to do well with a take-it-or-leave-it sales approach.

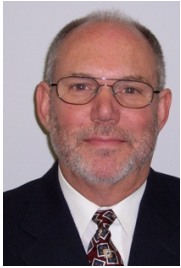
The credit that is available will be competing harder for this market now. This is the time for re-tooling my presentation skills and sales aids. I need to be sure I make a compelling case for why my ability to help them right now is an opportunity for them, not a limitation. People like to feel good about their decisions. Even if bank credit isn't available for a given prospect, if I take the time to develop professional sales tools that show why equipment leasing is a cost effective way of leaving available bank credit open for other things, I'm more likely to motivate a favorable decision than someone else presenting the same numbers in a 'last chance, take it or leave it' proposal. I think that's working smarter.

Just those two things will help insure me something else. It will help insure that I continue to have sources of funds. What we're suffering is largely the results of a veritable orgy of unsafe, unprotected lending. Those who still have money to lend will want to know far more about their borrowers now than they did before. That works in my favor. I meet my customers in my community. I know them. I get my information from them first hand and can verify it directly. I'm a much safer source of business for my funding sources than the mass-marketing mills who don't know much more about their customers than their phone or fax numbers. I think emphasizing marketing strategies that also help me insure my supplier lines is working smarter, too.

I'm certain there are those who think I'm naïve, but I don't think I am. I'm actually quite aware of what's going on. I just don't have time to dwell endlessly on it because I'm busy. All I can do is what I can do, and now is a good time to do all that I can.

Gerry Egan
President
LearnLeasing.com a Division of TecSource, Inc.
5621 Departure Drive, Suite 113
Raleigh, NC 27616

Phone: 919-790-1266
E-Mail: GerryEgan@LearnLeasing.com
Internet: www.LearnLeasing.com



Gerry Egan has been arranging equipment leases in one capacity or another for over thirty years. He has been a vendor, a Lessor, a broker and a consultant and has handled transactions of all sizes, working with customers and funding sources both large and small, and both local and national. He's developed and presented programs for brokers, for vendors, for funding sources and for banks, both in person and via electronic media.

Gerry's non-traditional but always customer-focused sales approaches get results. His willingness to think outside of the box and challenge the conventional ways of selling equipment leasing cut through the standard objections and actually create stronger, more productive—and more profitable—relationships.

A Past-President of the National Association of Equipment Leasing Brokers, and one of the industry's most popular speakers, trainers and writers, Gerry's unique insights and ability to motivate have been a source of help and inspiration to many. Whether you're a funding source needing better results from your brokers, a bank wanting to capitalize on leasing opportunities, or a direct sales force ready to go to the next level, Gerry can craft a custom program to help you do it.