



“Selling Value in a Low Price Market”

Or How to Win Against Those Who Only Sell Price

Presented by Mark Dunn
Field Guide Enterprises, LLC

SAGE PAYMENT SOLUTIONS

sage



Selling “Price” Dominates Our Industry

- “We have the lowest rates.”
- “What’s your rate?...I can beat that!”
- “Free terminal, free application, etc.”
- Why?





Price Approach

- Price approach - Get statements; do statement analysis; bid low.
- Advantages
 - Basic attraction to all merchants - save money
 - Works where merchant is using a product, but not a solution
- Disadvantages
 - Merchant goes back to current processor who matches it
 - Leaves merchant open to the next offer that will save him/her even more
 - Declining margins leave less room to bid low
 - Your own margins decline, you earn less money
 - In the long haul, entire market loses profitability



Selling Only “Price” Hurts Everybody!

- Our industry is experiencing “The Race to the Bottom”
- Can’t be maintained as a strategy when reasonable margins are destroyed
- Subjects the merchant to extreme manipulation, misrepresentation and outright fraud
- At its extreme, it forever destroys the reputation of the industry’s salespeople



Ways out of the downward spiral?

- One way: Catch the wave of technical innovation
- How is our industry evolving technically?
 - Security
 - Telecommunications: IP and Wireless
 - Integrated POS applications
- Disadvantages in waiting for next technological wave
 - True technical innovations don't come along that often
 - Can be difficult to spot a true trend from a false trend: smart cards
 - Newer apps are not always supported by help desks: headaches
 - You may miss it and be too late!



Only real way out is to Build Value

- How do I build value as a small ISO?
- How do I sell value I already have?
- How do I train my people to sell value?



What is Value?

- Economist: Definition of Utility
 - Worth in usefulness or importance to the possessor; utility or merit
- Value to the merchant, business owner:
 - What I need is \$1 of value for \$1 spent
- Salesperson: What I should sell





Value is a Package

- Price is never a Package
- Value is
 - Support and Help
 - Processing
 - Services
 - Information provided in a Form that is Helpful
 - Your Personal Connection
 - Value Pricing



Wal-Mart

- **Is Wal-Mart's value a matter of low price?**
- What did Sam Walton say about it? (from "Made in America")
 - Customer Service
 - Availability of Quality Merchandise
 - Distribution Channel
 - Store Location
 - Knowledge of Competition
 - Negotiating with Suppliers
 - Low-cost delivery structure
 - Low prices



How to build Value in Merchant Bankcard?

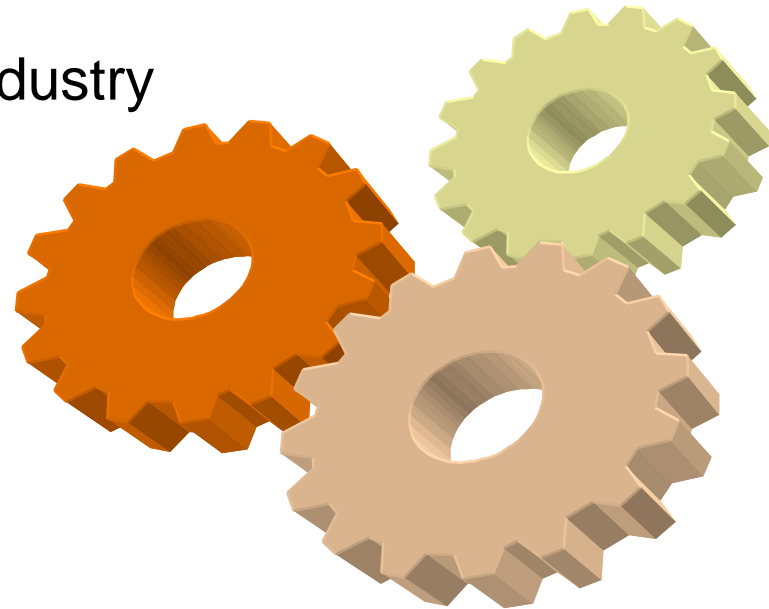
- See the Big Picture and Build Your Knowledge Base
- Establish Valuable Partnerships and Relationships
- Understand Your Merchant
- Sell the Team
- Build Your Product Selection Value
- Build Your Service Value
- Build Your Personal Value





See the Big Picture /Acquire Knowledge

- Study your business
- Get and read the Green Sheet
- Read widely in the Bankcard Industry
- Attend regional conferences
- Develop a Mentor





Learn the Details of Pricing

- Do Statement Analysis
- Work on this Evenings and Weekends
- Develop Your Proposals
- Become a Master of the Details of Pricing and Interchange



Develop Valuable Relationships

- Partner with a Strong Player: SAGE
- Tap into Sage's resources
 - Training
 - Relationship Manager's know-how
 - Product information online
 - Click Through Application for merchants
 - Let Sage key your applications, if needed, so you can focus on Selling



Understand Your Merchant

- Assess Your Strengths and Experience
- Study the Merchants you have sold
- Pick three Merchant Specialties and establish yourself in these areas for the long haul (for example)
 - Internet
 - Mail Order / Telephone Order
 - One Specialty Niche: Such as Golf Courses, Attorney's, B2B
- Become the Expert in these three areas



Sell the Team

- Especially important for young professionals
 - Pull the teeth on the “You’re too young” objection
- What happens when you’re not there?
 - Situation: You’re on vacation and merchant finds he is not getting funded
 - Situation: You get a great referral for a merchant in Wichita and your office is in Atlanta
- Owners: Teach your team to sell and deliver value
- Be the Team Captain instead of an Individual Star Player
 - Manage the account rather than just selling it...

TEAM SELLING!



Build Your Product Selection Value

- Sage New Products
 - IP Terminals
 - Wireless
 - Internet
 - MOTO
 - Merchant Advance





Build Your Service Value

- “The Extra Mile is Part of Our Regular Route” - DHL motto
- Make it Personal
- Become the Resource with the Inside Information
- Build Your Service/Contact Team for the Small Merchant
 - Don't stop at just electronic payments
 - Develop resources for accounting, tax, banking, insurance
 - Provide contacts for capital investment, M&A
 - Find and provide contacts for police, local government, zoning board
 - Attend Rotary or Lions Clubs or other service clubs



Build Your Personal Value

- Become the “Go-To” Person
- Never assume the customer situation will remain stable
- Make sure they call you before they make a move
- Customer demands are absolute, if you can not give them what they need (versus asking for it) then you will lose the business
- Make it so difficult to fire you that they will stay despite problems
- Look for opportunities to make personal commitments and keep them



In Summary

- Selling price is becoming very difficult
- You must build value
- Build value by:
 - Build Your Knowledge Base, Big Picture and Interchange
 - Establish Valuable Partnerships and Relationships
 - Understand Your Merchant
 - Sell the Team
 - Build Your Product Selection Value
 - Build Your Service Value
 - Build Your Personal Value