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CONTRACTOR FINANCING MADE EASY



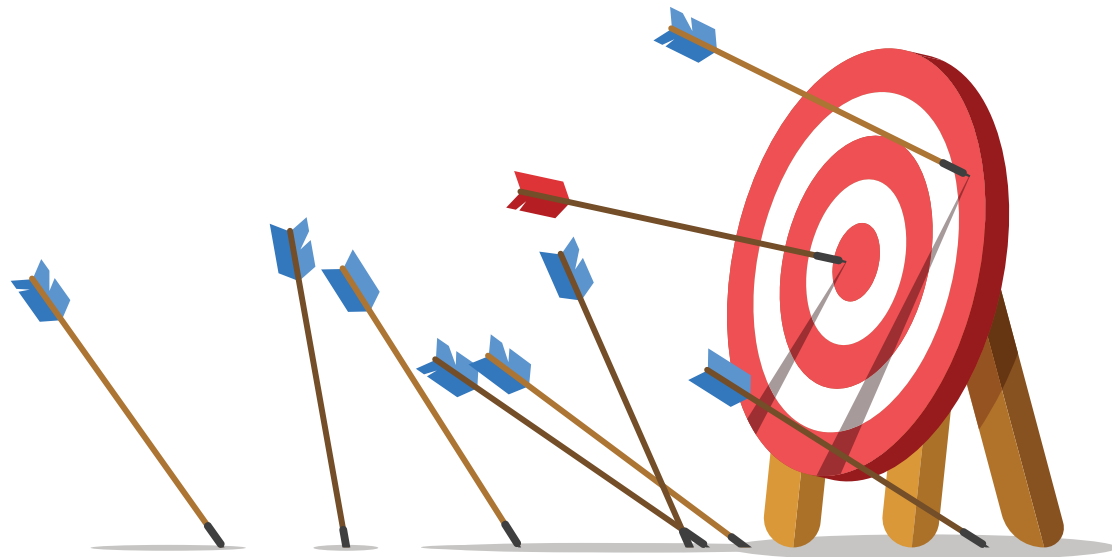
The 5 Biggest Mistakes Contractors Make with Financing

Learn how to avoid these top five revenue-destroying mistakes contractors make when offering financing to their customers.



The 5 Biggest Mistakes Contractors Make with Financing

An unexpected home system repair or replacement can be stressful for homeowners, with the average American having only \$5,300 in their savings account.¹ Contractors have embraced consumer financing to help alleviate this stress by providing their home services solutions at affordable monthly payments. However, most contractors struggle to position their financing solutions effectively, adding unnecessary friction to the buying process and sometimes, making it even more difficult to close deals. This ebook uncovers five of the most common mistakes contractors make with financing and how to optimize financing to increase the bottom line.





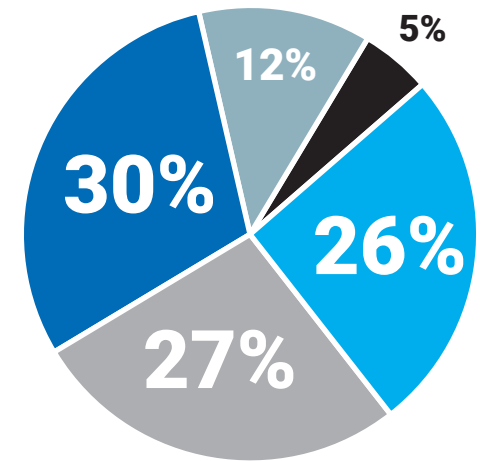
Mistake #1: Not Offering Financing with Every Sale

Today's consumers have ample access to financing and have come to expect it on purchases, big and small. With more access comes more utilization. When surveyed in 2022, the majority of home services contractors reported that their customers signed up for financing on 51-75 percent of all purchases, whereas in 2015, the majority of contractors said just 0-25 percent took advantage of financing.^{2,3} Additionally, in 2022, 12% of contractors reported that 76-100 percent of their customers utilize financing.

As financing continues to outpace cash as the preferred consumer payment method, today's buyers view payment options as a way to increase their spending power. People paying with cash spend about \$3,300 on a project, whereas people approved for financing spend nearly twice as much.⁴

Prejudging your customers can lead to lost sales, smaller tickets, lower profits, and a poor customer experience. With consumers preferring low payment solutions or promotional programs, it is unwise for contractors to not offer financing with every sale. The most successful contractors in the industry offer financing to every customer.

How Often Do Customers Utilize Financing?



- 0 to 25 percent of the time
- 26 to 50 percent of the time
- 51 to 75 percent of the time
- 76 to 100 percent of the time
- We Don't Offer Financing

“Our customer base is in a high-end market and can afford to replace a system by paying in full, so we didn't bother with promoting financing. We were wrong! Once we got an understanding of how easy it was for our clients to finance, we were all in!”

– Laura DiFilippo, President of DiFilippo's Services



Mistake #2: Not Offering Multiple Loan Options

Customers like choices. Choices combined with affordability make for a powerful psychological tool during the sales process. Providing both low payment and same-as-cash options gives customers the ability to make the best choice for their lifestyle and budget.

Financing is an invaluable tool contractors can use to provide multiple options from which their customers can choose. Many times this allows the sales consultant the ability to expand the scope of the project, as higher tickets prices become more affordable and desirable.

#2

“An option
of one
is a choice
of none”

“[Options can include] installment loans, deferred interest, revolving credit ... the savvy contractor offers the best financing program to fit the proposal.”⁵

– Barb Cox, Manager of Consumer Marketing at Mastercard, formerly of Nortek

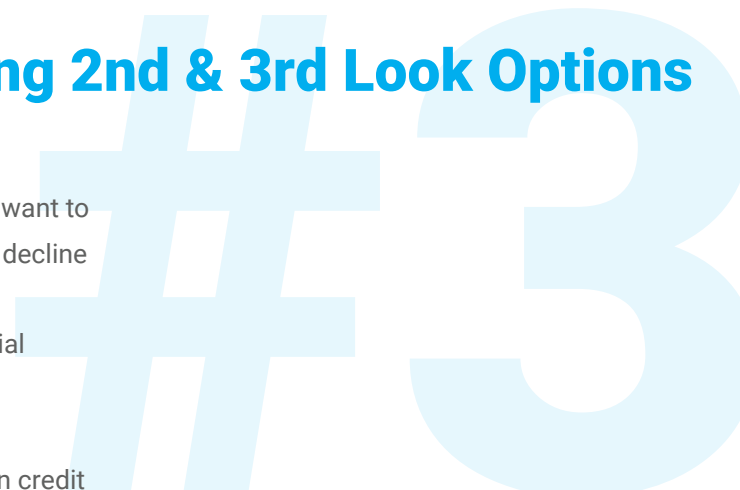


Mistake #3: Not Providing 2nd & 3rd Look Options

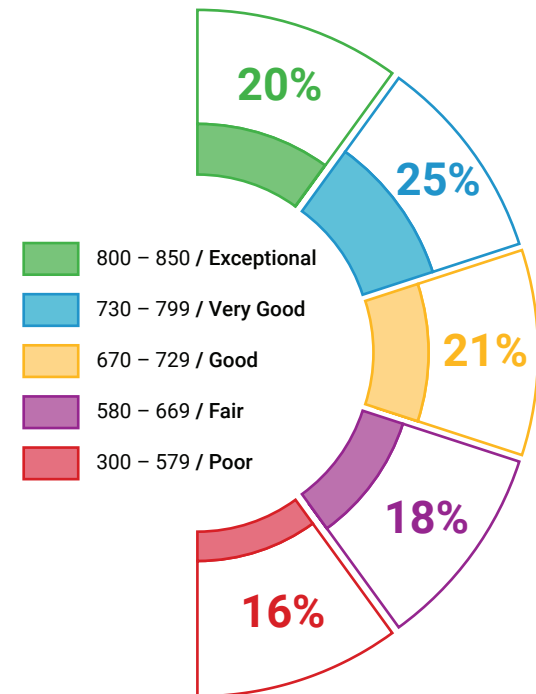
Most contractors typically limit themselves to offering financing to customers with higher FICO scores. They want to avoid the "no" and having to communicate a financing decline response to their customers. It's also a hassle to have customers reapply with a different lender after the initial decline.

According to a 2020 report by The Ascent on American credit scores, 34% of American consumers have a fair to poor credit score. Prime lenders will decline your customers who fall into these credit classifications. By embracing the near prime and subprime markets, contractors can expand their reach to include these customers with less than stellar credit.

While embracing these markets can present challenges, solutions exist to overcome them and limit the "no". Finding a seamless solution to these hurdles can increase a contractor's profit significantly and make for a better customer experience.



Percentage of Americans Credit Scores



“Younger homeowners have less cash, but they also often have worse credit. ... There's this market out there of customers who aren't being helped, and I would say that market is growing.”

– Chris Crocker, Okinus Credit Solutions

Mistake #4: Not Having the Ability to Pre-Qualify Customers

The Internet and Amazon have changed buying habits across the United States. Consumers have come to expect swift service, instant answers and the accessibility to both from the comfort of their own home at a convenient time for them and with minimal outside interaction. The ability to pre-qualify customers creates a know before you go sales process allowing the consultant to meet these expectations and focus on the sale.

Contractors who fail to pre-qualify their customers for financing risk bringing unnecessary challenges into the sales process, including:

- Uncomfortable first-time credit score conversations
- Inability to effectively position their good-better-best offerings
- Taking too much time during their presentations

Providing customers the ability to, on their own, pre-qualify in the privacy of their home creates a better customer experience and often results in significantly larger projects.

**Make sure
you know
before
you go**

“Pre-qualifying your customers for financing before the initial sales visit enables contractors to effectively position prime, near-prime, or subprime options based on their credit score, which drastically increases the likelihood of a close.”

– Matthew Bratsis, Vice President at OPTIMUS Finance





Mistake #5: Not Training Salespeople on How to Best Position Financing During the Sales Process

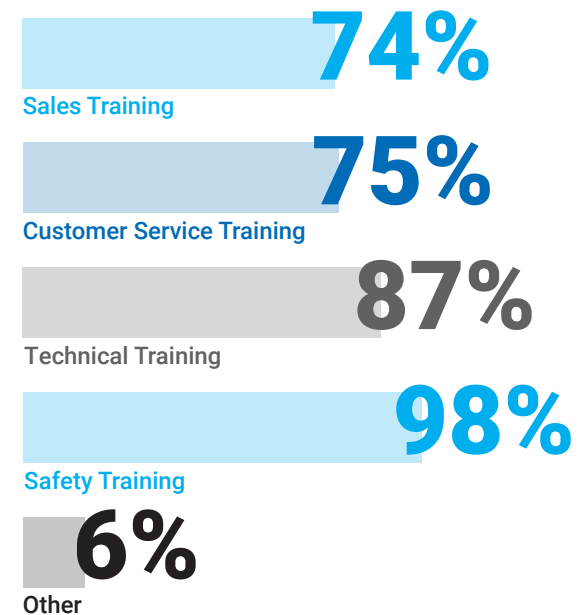
As effective of a sales tool as financing can be, it is only successful when integrated into a polished sales demonstration and aligned with homeowners' needs, budgets, and social styles. With the right training, salespeople can successfully present financing costs as manageable monthly payments and position good-better-best financing options that make higher-ticket systems and bundling add-ons more appealing to homeowners.

Unfortunately, training is often neglected, with day-to-day operations taking priority for many contracting business owners. While most contractors do report having technical training and safety training programs, only 74% of contractors say they have ongoing sales training integrated into their company training programs.⁷

Without ongoing sales training, employee learning is stagnant, morale is low, revenue is suboptimal, and customer experience suffers. And without a solid foundation of sales competency, the financing discussion will undoubtedly collapse.



What Types of Training Do You Have?



“Our sales team regularly attends sales-related programs put on by manufacturers and distributor. We also participate in in-person and virtual sales training classes by Contractor University.”

– HVAC Contractor in Wisconsin



OPTIMUS is the Solution to Avoiding All 5 Mistakes

OPTIMUS is the all-in-one financing platform that matches your customers with a trusted lender in seconds, virtually eliminating the need for multiple applications and multiple hard credit pulls. This process enables OPTIMUS to deliver 90%+ approval rates for your customers and ensures you can avoid making the 5 biggest mistakes.

- #1. The OPTIMUS Financing software integrates seamlessly into any contractor sales process to make it easy to offer financing on every sale
- #2. OPTIMUS offers multiple lending options including low payment and same-as-cash programs, allowing your customers to choose what works best for them
- #3. OPTIMUS uses soft pull credit technology to match your customers with the right lender, avoiding the “no” and a negative customer experience
- #4. OPTIMUS provides every dealer the ability to know before you go via a customer pre-qualification in seconds from the convenience of their own home
- #5. In collaboration with Contractor University, OPTIMUS provides the industry’s most comprehensive and powerful (Over 250 on-demand videos!) in-home sales and financing training to ensure your team has the knowledge and coaching they need to succeed



To learn more about how OPTIMUS can help you close more jobs and streamline your customer lending experience, visit OPTIMUSfinancing.com/tnfr today!

You can schedule a consultation with an OPTIMUS Financing expert by clicking or copy-and-pasting the link: OPTIMUSfinancing.com/Consultation

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