

So you want to be a Leasing Sales Person

Here is what you need to know

By Bill Bosco

Leasing 101

Someone phoned me, having Googled me through articles I have written, as they were searching for lease sales training. She asked how she could learn to be a leasing sales person. She said she could not find a book on leasing sales. Also, a few years back someone asked me to help them get a leasing sales job. He was a banker but was interviewing for a leasing sales position. He asked if he could hire me to teach him what he needed to know to be a leasing sales person. I developed a comprehensive PowerPoint presentation and presented it to him. He got the job.

I thought about these incidents and decided to write this article outlining what I learned are the basic needs of becoming a successful sales person. This will tell you what you have to learn, but it is not intended to give you all the information on each item as that is what a book might do. There are also commercially available training courses but, will they give you the real world information to become a star leasing sales person? In my experience sales people developed the knowledge and skills over years, through reading, training, experience and coaching.

The basic leasing sales knowledge and skills needed are:

Understand why customers lease

- What are the issues that leasing solves for lessees?
- What customers are typical leasing candidates?
- What assets are most commonly leased?

Product Knowledge

- Know all the lease products, options/terms, features/benefits and which customers are most likely to want each type of product.

Accounting for leases for lessees

- Understand the lease classification and capitalization rules for operating leases and finance leases.
- Understand operating and finance lease accounting after lease capitalization – how the capitalized lease asset and liability are amortized over the lease term and what is the expense accounting.
- Understand the complexities of sale leaseback accounting.
- Understand the implications of lease capitalization.

Taxes

- What are the income tax rules for leases and ownership for IRS and S&L taxes, both lessee and lessor?
- Understand the tax treatment for lessees of all types of leases as well as borrowing to buy.
- What are the implications of taxes on lessees?

Lease vs borrow to buy

- Understand the calculation and its purpose.

Financial Reporting/Corporate Finance/Treasury

- What are the key financial measures related to leases vs borrowing to buy?
- Understand ROA, EBITDA, EPS, ROIC, COC, ROE, leverage ratios and debt limit covenants.
- What is the financial presentation (balance sheet and income statement) of operating lease vs finance lease vs loans and what are the implications?
- What treasury options are available to the customer- debt, revolver, bank lines, etc.?
- What are market debt/lease rates for the customer?

- Given the yield curve, what rate structure might suit the customer needs and risk appetite – floating vs fixed, lock in rates, exotic structures like fix and re-fix or float, etc.?

Sales Process

- Sizing up the customer and asset type for the lessor's internal acceptance criteria and risk appetite.
- Probing for customer accounting, tax and financial reporting issues.
- Understanding the decision maker – CFO, Treasurer, purchasing manager and what drives their decision process.
- Using internal experts and resources like pricing, accounting, tax, equipment and credit staff.
- Understanding the use of the asset so that the lease structure accommodates the lessee's needs.
- Become an asset expert in the asset types that you would most commonly lease
- Become an expert in the industries you call on.

Optimal Lease structuring

- Given an understanding of the customer drivers and the features of the various lease products, create the optimal structure for the lessee.
- Understanding internal pricing policies.

Computer Skills

- Excel, PowerPoint, Word.

Analytical Skills

- Modelling, HP calculator, Excel, problem solving.

Presentation skills

- Speaking clearly and concisely, presenting, rehearsing, role playing,.

Intangibles

- Creativity, sense of humor, able to think quickly, persuasiveness.

To get the knowledge and skills you can research them on your own or attend seminars. You can read books on presentation skills and practice. Intangibles are hard to develop, if they do not come naturally.

About the Author:

Bill Bosco is the President of Leasing 101, a lease consulting company. Bill has nearly 50 years' experience in the leasing industry. His areas of expertise are accounting, tax, financial analysis, structuring and training. He is a frequent author and speaker on leasing topics. He has received awards from the ELFA and Monitor magazine including being inducted into the ELFA Hall of Fame. He can be reached at wbleasing101@aol.com.