



WHO IS YOUR **VICE PRESIDENT** OF

# *Sales Prevention?*

**BLAME IT ON  
THE ECONOMY OR  
HIGH GAS PRICES,  
BUT IT JUST MAY  
BE THAT THE  
BIGGEST OBSTACLE  
TO YOUR COMPANY'S  
CONTINUED GROWTH  
IS STANDING INSIDE  
YOUR STORE  
RIGHT NOW**

**M**ost companies have at least one. He's the chief culprit behind the missed goals and prolonged sales slumps heretofore attributed to everything from high gas prices to global warming. Sometimes he is easy to spot, but some digging may be required to identify this person who is at once the most expensive employee in the company and its greatest obstacle to steady growth. We're talking about the Vice President of Sales Prevention. You may believe that no such position exists in your organization and you could be right—unless any of the following describes your business lately:

- ▶ Whether you spend 2 percent or 6 percent of your revenue on advertising, the only things that go up are payroll hours and the owner's blood pressure. Things that go down include profit and cash flow.
- ▶ Everyone in the company has read the policy manual, the procedures manual and the latest executive essay on the value of customers, but returns—or, for those still stuck in the '70s, "pickups"—only slow down when the truck is in the shop or the store is closed. The company is considering a three-day workweek.
- ▶ While the local population has increased, the number of rent-to-own, sales-to-leasing, lend-lease and move-to-own stores has steadily decreased as a result of mergers and acquisitions. But you have yet to reap any benefit from this game of Last Man Standing. In fact, your rate of customer growth begins with a decimal point.
- ▶ Finally, you will know your Vice President of Sales Prevention is on the job when you give serious consideration to a new sales contest: Fewest Customers Lost.

**T**he one unassailable metric in the rent-to-own industry is customer count. Arguably it is the most definitive means of measuring how effectively we deliver on our promises, present and past. Businesses grow by various means that always boil down to two factors: either more customers keep coming through the turnstiles or management figures out a way to soak the customers who already came through the turnstiles. In the second case, growth is manufactured through cleverness and maybe some tricky accounting. In the first, it is developed through careful research, wise strategies and responsive tactics. It isn't hard to figure out which organization will hit the wall first. The real measurement of any company's health is the number of new customers it is able to attract and retain, thus fueling revenue growth. Nipping all that in the bud is job one for your Vice President of Sales Prevention. But just identifying him isn't enough—the enabling bureaucracy must be dismantled and offsetting positives developed.

**A**ny talk of lost business usually begins with the way employees handle late payers. In this case, that would be an incomplete exercise. It is unlikely that any assistant manager facing hard deadlines and intractable quotas is thinking about customer growth when she needs another four payments to win this month's "Keep Your Job" contest. But that person makes up only about a fifth of the work force in most companies. So a good number of other people share significant responsibility for the things that hinder growth. It is fairly easy to spot a pickup or return that needn't have occurred. A little retraining or direct involvement can stop or at least slow down most of those. A much tougher proposition is accounting for a rental sale that was never made to a customer who was never recorded, by a person who doesn't see either of those as a problem. Sometimes the answers are far from what they appear to be.

A little rent-to-own store in Ohio was in a slow downward spiral despite heavy advertising, aggressive promotion and well-intentioned staff and management. Deliveries never exceeded the relatively low levels of returns and write-offs. Meanwhile, the company's other store across town was thriving. Ideas emanating from home office included hiring commissioned salespeople and paying outrageous incen-

tives for new orders. Then someone with no agenda other than growth and no loyalties except to sales and profit spent a few days poking around the store. Soon, it was clear that getting orders was not the problem. Traffic was good and staff selling skills were generally high. Trouble was, nobody could turn all those new orders into deliveries. The process of verifying, tracking, organizing and scheduling was so dysfunctional that fewer than half of all orders written ever made it out the door. Once the potholes were fixed the store moved into the fast lane and stayed there.

The lesson is that sales and deliveries are two very different processes, requiring vastly different skills and abilities



for successful execution. The well organized *manager* must be complemented by a high-energy, hellishly competent and money-driven *sales leader* who can generate a steady supply of good orders that the *manager* can then turn into *customers* by doing all those "back-of-the-house" things correctly. When these roles are reversed or confused, employees lack guidance and the door is open for a Vice President of Sales Prevention to step up. It can be anybody: store manager, assistant manager, district manager. It is ironic that the concepts and processes that make up Rent-to-Own 101 can also be a blueprint for developing highly effective Vice Presidents of Sales

Prevention. All that's required is a little misdirection and a few misplaced assumptions in the following areas:

**JOB DESCRIPTIONS.** When these are little more than a long list of seemingly unrelated tasks and functions, apparently unrelated to getting new customers or satisfying existing customers, the right conditions exist for developing a Vice President of Sales Prevention. When hours must be devoted to process or detail with no clearly defined outcome, little time is left to create new sales opportunities or capture existing ones—two things that have very clear outcomes. Vice Presidents of Sales Prevention resolve this conflict by posting complicated work schedules and inventing new reports and forms to replace the ones currently not in use to record things that are not happening. Go into a store and ask who is in charge of sales. If you hear “We all are,” you can be sure that no one is.

**GOALS AND INCENTIVES.** The best compensation plans create significant rewards for producing well-defined outcomes, which are always measured in concrete terms over reasonable periods of time. The worst are obscenely

pay early and pay often are prized. Others have a short shelf life. This VP prefers employees with backgrounds in security work, correctional facility management, nuclear submarine safety and homeland security. Although the company—like most thriving rent-to-own stores—has replaced “collections” with “account management” or “customer development,” the Vice President for Sales Prevention has not.

**RENTAL CRITERIA.** In the summer of 1982, a few rental guys sat in a Waffle House in Charlotte, North Carolina, and came up with a matrix that, among other things, predicted which customers might be expected to move to nations that do not have extradition treaties with the United States or trade their rental furniture for a bass boat or pay late around Christmas and during factory layoffs. The group had plenty of time for such visionary output because none managed a store with more than 200 customers. The effective Vice President of Sales Prevention will expand on that seminal work and remove all risk from the rental equation by approving only orders from customers who don't need it this month, don't have the money yet or haven't made up their

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complicated and contain more loopholes than a mail-order dental plan. Top performers always gravitate to workplaces where the pay plan is transparent, goals are attainable and sufficient resources are available. Ignoring this, Vice Presidents of Sales Prevention revel in maze-like action plans with hopelessly optimistic outcomes and incentives apparently based on Mayan astrology. Their idea of a good delinquency-reduction plan is clearing more space in the back for returns. During sales meetings they whisper knowingly that sales incentives are designed for people in good markets where there is no competition and prices are lower.

**COLLECTION POLICIES.** Vice Presidents of Sales Prevention create 200-page manuals that focus on ways to win court cases, understanding repossession laws, the efficiency of auto-dialers versus sound trucks and the mechanics of cell phone triangulation. Nowhere will customer retention or corrective strategies receive mention, but clear instructions will be given on skip tracing, skip prevention, skip recovery and the spending limits on skip-recovery celebration. Customers who

minds. If the company embraces a new marketing strategy—say, “guaranteed approval”—its Vice President of Sales Prevention ensures that same-week delivery never becomes part of the bargain. You will know this one's on the job when you find manila folders stuffed with unmarked, undelivered orders in a carton with last season's fliers or in a file drawer labeled “MISC” or “CNCL.”

**CUSTOMER SERVICE.** Progressive rent-to-own companies pride themselves on receiving generally better satisfaction ratings than other service businesses. Much of this can be attributed to a highly competitive marketplace and the growing cost of acquiring new customers. It's simply cheaper to hire folks who are friendly and responsive. Put a Vice President of Sales Prevention to work on this and he or she will come up with a raft of rules and initiatives which, if properly managed by your Director of Customer Dissatisfaction, will discourage anyone from offering a referral or reopening a closed account. At the top of the list is keeping the policy manual at the sales counter so that all issues can be quickly resolved with

the magic phrase, “It’s company policy.” Another is the use of strategically placed warning signs that point out the consequences of irritating management with irresponsible actions such as writing a check, asking to use the bathroom, failing to stay home during your scheduled delivery week, even *thinking* about a refund and parking in the wrong spot or wanting more nice things than the VP of Sales Prevention believes you can afford. Of course, that’s in addition to providing wrong or incomplete answers during the investigation surrounding your recent request for service.

**ADVERTISING.** Usually the domain of corporate managers or owners, the advertising department can be the straightest path to the top for potential Vice Presidents of Sales Prevention. You’ve probably seen their handiwork in sales circulars picturing goods that only remotely resemble those on the floor, or in commercials running on cable channels that cater to wine lovers and house renovators and offer exotic vacation trips to any suicidal advertising managers willing to commit their entire budget to that station. At least a few times a year, the Vice President for Sales Prevention will demand detailed information on every shopper that—when collected, massaged and extrapolated months later—will offer convincing proof that, while the advertising is highly effective, store

personnel are not doing their jobs and all managers are significantly overpaid. Positive reinforcement will never be the hallmark of your Vice President for Sales Prevention.

**A** marketing manager for Sears once told an audience of retailers that the venerable merchandiser’s most effective marketing strategy could be summarized as not letting Aunt Bea’s refrigerator get scratched up before it gets to her home. Anything more complicated than that, he said, was unlikely to be executed with any degree of precision and would only divert attention from everyone’s real job, which was ensuring a nice shopping experience in the local Sears store. The fact that Sears bought the carcass of K-Mart willingly and in broad daylight should not influence your opinion of their marketing strategy. By the time your shop has been in business as long as Sears Roebuck & Co., it is guaranteed that you will have found and fired all your Vice Presidents of Sales Prevention. Just don’t repeat K-Mart’s mistake and replace them with your Directors of Customer Dissatisfaction. ✧

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*Bud Holladay lives and writes in Corpus Christi, Texas, on the Gulf of Mexico. Contrary to some reports, he is not yet 100 years old. His e-mail address is budholladaysells@yahoo.com.*

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