

Sun Tzu and the Art of Collection Sales

How ancient military strategies can help you get and keep new business.

By Marc Trezza

The lessons of Sun Tzu's *The Art of War* are thousands of years old, and it's their time-tested wisdom and basic simplicity that make them so valuable to business managers today.

The book has been required reading in institutions such as the Columbia Business School, Harvard University and the U.S. military, and it has been used by venture capitalists and business leaders worldwide for decades.

The timeless advice of Sun Tzu can also be applied to collection sales to help owners make better, more successful business decisions in an often-challenging aspect of agency management.

You may wonder how a treatise on warfare could apply to agency sales. Keep in mind that business strategy first evolved from military strategy. Since the first military leader employed infantry and cavalry together, armies have been successfully dealing with the challenges of

truly distinguish agencies from their competitors, who are most often taking a similar approach.

Sun Tzu's advice on strategy and tactics can be a transforming tool to build a more productive sales effort through enriched sales methods and management.

WIN ALL WITHOUT FIGHTING

Debt collection agencies that achieve market dominance (major market share) are better able to influence the industry, direct its evolution and establish an excellent competitive position, allowing them to set the industry's standards and define the playing field.

Those same advantages tend to increase revenue while lowering costs, ultimately increasing profitability. If an agency achieves relative market dominance properly, prosperity will come.

That's not to say that relative market dominance is a requirement. There are

Editor's note: This is the first in a series of seven articles examining innovative sales techniques based on Sun Tzu's *The Art of War*.

client hires a new manager who brings in an agency he worked with before to replace you. Without a robust marketing and sales effort to offset that loss of revenue, the agency could find itself in serious hardship.

The only way to truly control your agency's destiny is to build an effective sales approach—addressing your team, tools, policies, procedures, benchmarks and real-world achievable goals—that will protect your future with sustainable, profitable new business.

This article, the first in a series of seven, addresses one of the first steps in Sun Tzu's writings: Laying Plans. It involves thoroughly assessing conditions, looking for strategic turns and comparing attributes.

Let's break each of these down.

THOROUGHLY ASSESSING CONDITIONS

The vision of what an agency wants to be and where it wants to go must be planned with an awareness of reality. Vision components articulate purpose, mission, guiding values and a vivid image of the agency's future. This is necessary to determine strategy, set strategic initiatives and align the organization.

The more sophisticated the planning process becomes, the harder it is to introduce flexibility to accommodate changes. Any football coach will tell

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cross-functional coordination and teams—balancing discipline and control with empowerment and delegation.

For many debt collection agencies, sales is a difficult challenge. Often there is a lack of coherent strategy and tactics—beyond telling a salesperson to “get on the phone and sell our services.” Neither the process nor the marketing materials

agencies with a low market share that have found defensible positions in our industry along with sustained profitability. They understand their strengths and weaknesses, and have carved out a niche where they can survive and prosper.

But this is often a dangerous position. Sometimes clients go away even if we are doing a great job. For instance, maybe a



"If a plan is not in writing, you do not have a plan at all—you have a dream that can easily become a nightmare."

you that rigidity does not win games. Strategists do not cause changes in the plan—reality does.

If a plan is not in writing, you do not have a plan at all—you have a dream that can easily become a nightmare. Clearly define the problem before seeking a solution. Do not limit yourself to existing tools; when all you have is a hammer, everything looks like a nail.

Sun Tzu urged readers to assess these five factors:

- Moral Influence
- Weather
- Terrain
- Commander
- Doctrine

LOOKING FOR STRATEGIC TURNS

Let's drill down into the list above. "Moral influence" means a "spirit of mission." The

strength and belief that your purpose is morally sound rallies a competitive spirit and generates a firestorm of commitment. That's why salespeople must believe in what they are selling.

In my January *Collector* magazine article, I talked about "insight selling," which is a solution-selling process built around the buyer, not the seller. Providing solutions is far different than selling features, such as a dialer or any other aspect of your firm that is common to all quality agencies.

Selling real solutions and helping businesses and people is something to believe in. Canned sales pitches and interchangeable features are not.

The "weather" equates to the outside forces that influence our business. Thanks to consolidation, regulations, previous hiring experiences and an industry where public relations often trumps recovery rate,

the buyer's perspective of our industry and changes in buying behavior must be clearly understood and assessed.

"Terrain" is the marketplace. A strategist must consider the scene of action—people, place, product/service, competition, perceived value from the buyer's point of view and true distinguishing factors compared to how your competitors sell their agencies.

"Commander" is your leadership. Names change but the principles of good leadership remain the same. Your leader must create a helpful situation over and beyond the ordinary rules.

"Doctrine" is comparable to a business's guiding principles. You must understand and apply the fundamental principles that determine success.

In today's agency world, assessment before the plan is often ignored in a rush



to action. The result? People are working on the wrong things or in the wrong way. Goals are not based on reality. You're expending a lot of effort with little to no gain.

Assessments must be both internal (How are we managing, training, coaching and supporting our salespeople?) and external (What does each market represent in potential opportunities within our geographic scope? What revenue variables do they represent and how are their buying processes different?).

COMPARING ATTRIBUTES

When I take on a new agency client, we always start with an assessment of their markets, internal policies and procedures, levels of training, teamwork between sales and operations, marketing materials, client

satisfaction rates, sales methodology and approach, client retention, competition and a profitability analysis.

This assessment is done within the context of what successful agencies have in common and what struggling agencies have in common.

Agencies must be willing to change in order to experience change. While that sounds like a no-brainer, it's not because actually changing is challenging.

Invariably the management approach that defines the most successful agencies includes the following:

- Executives spend time outside of their offices communicating with employees. There is a focus on people management, not just task management.
- Well-trained salespeople people offer a competitive advantage compared to

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agencies with no professional collection sales training. The simple truth is that if those agencies approached collection the way they approached collection sales training, they would not be in business long. Failure to recognize this deadly sin is one of the primary causes of dissatisfaction and frustration with sales.

- Trust replaces controls in a company-wide culture of appreciation (not just rewarding collectors for excellence).
- Cross-functional teams deliver a higher level of client service.
- Bureaucracy is out and teams are in. Authority is delegated.
- In addition to training, ongoing professional collection sales coaching and assistance is readily available.
- The agency is measurably client-service-driven (unlike the agency that went on and on about how client service was everything to them, but had never once done an actual client satisfaction survey).
- There are real-world activity benchmarks for salespeople based on the habits and activities of the industry's most successful salespeople—including how a salesperson's day should be organized and the appropriate number of calls to take per day.

The bottom line? The battle may not always go to the best trained, best managed, best equipped salesperson from an agency with the best marketing plan—but that sure is the way to bet. ✎

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Marc will discuss this approach to sales in detail during his session at the 2017 ACA International Convention and Expo, July 16-18 in Seattle. To register, visit acainternational.org/events/convention2017.

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