BY THOMAS G. SISKA

The Perfect Salesperson

"The Perfect Salesperson" is right up there with a lot of great mythical creatures such as Bigfoot, Werewolves, the Platypus, Dracula, the Loch Ness Monster, the Okapi, Mermaids and Komodo Dragons. And like some these mythical creatures, the perfect salesperson can actually exist. Which leads us to the question most often asked of me, "What are the characteristics that make the best salespeople"? And like most answers in life, it ends up with "it depends".

Understanding the Situation

While I've met a perfect jerk and a perfect idiot (you two know who you are), I've never met a perfect person. I have met people who were perfect for a specific task. People certainly have found themselves to be in the right place at the right time (I wish someone would let me in on that). But I've never seen anyone that was truly perfect for all situations. There are a rare few that actually come close. I've met them. I've even worked with them. However, one cannot build a successful sales force by assuming that they'll turn up every needle in every haystack. The key is to understand how your company interacts with sales and what characteristics would give a salesperson the best chance to succeed given your firms approach to new business.

To illustrate this point, I want to start by explaining the opposite. Most every factoring company has, at one time or another, hired a salesperson who was very successful right up to the point when they agreed to your job offer. Then, almost like magic, the seemingly beautiful prince of a salesperson performed like a frog. The hiring authority usually assumes that they were lied to when they inquired about the failed salesperson's past record. Because there is no way someone could be that successful somewhere else and not be a star now.

Well, in fact, not only is it possible, but it is sadly, probable. The chances of two situations being exactly alike are zero. So it is a sure thing to assume that circumstances are going to be different with every new hire. When interviewing, it is obviously important to probe and examine the candidate's personal characteristics. It is less obvious to also probe and examine the previous job characteristics. For you may find that some of the reasons for the salespersons' good results are in part because of the way their present employer conducts their business. And if you don't do business that way, you cannot assume the same good results will follow.

There are decidedly two polar approaches to sales in commercial finance. One is to have the salesperson's role be part of the overall credit process. In this model, the salesperson is responsible for not only developing leads, but also for the initial underwriting of the transaction. Every aspect of the company must be laid open and analyzed. The prospect's competitive position must be understood as well as the long term trends within their industry niche. Management's projected business plan is scrutinized to determine if it is realistic and their backgrounds are examined to confirm that they have the experience to deliver the plan. The salespeople will even present the loan request to the Credit Committee.

The other school of thought is to have the salesperson kick up the dust and present as many opportunities as possible for the credit department to independently process. The prospect must be sized up to ensure that it "fits the box", but a deep dive into the bowels of the credit is not necessary. Still, a complete underwriting package is essential to determine the commitment on the part of the applicant as well as to make the underwriting process as efficient as possible. But rather than spend time on analysis and other credit functions, the salesperson is encouraged to get back out and create more deal flow.

Clearly, the first situation would demand a more "Type B" personality. A methodical approach is necessary to perform all of the steps with the requisite thoroughness of an initial underwriting. Conversely, the second approach is more suited for a "Type A" individual, where staying active out in the marketplace is more desirable. Realistically, few finance companies subscribe to either extreme. But it is important that your approach to sales matches the candidate's traits or past experience (especially if that past experience was successful).

The Paradox

When examining large sales forces, one will notice that both Type "A" and "B" personalities have succeeded and failed. There are no guarantees in life, so a seemingly perfect fit will not always work out. And on the flip side, some people have an amazing ability to adapt "given the right circumstances". When dealing with people there are seldom any absolutes. And there are always more variables than simply the salesperson's personality type and the companies approach to sales. There's the competition for one. There's also the personality type of the sales

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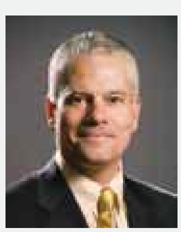

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the decades is its credit and collections unit. "We have been able to provide many of our clients with a powerful and cost-effective tool for managing their accounts receivable that they would have a difficult time creating themselves," notes Mr. Stanley. "By outsourcing the credit, collection and bookkeeping functions to Rosenthal, our clients are able to focus on the parts of their businesses that are critical to their long-term success."

Adds Stanley, "More than ever, over the past several years retailers are coming up with ways to shift the merchandise risk back to the vendors. In this volatile credit climate, it is more important that a client's factor or lender gives support and guidance here."

The Rosenthal team is ever mindful about the need to stay nimble, especially when new retail formats have been emerging (e.g. the increase in online retailing at the expense of traditional "bricks and mortar" retailing). However, Rosenthal has no intention of straying too far from the formula that has lead to its accomplishment through its 75 years.

"As part of our 75th anniversary observance," Peter Rosenthal concludes, "we are mindful of the principles upon which my grandfather founded our firm. The family has remained true to these principles, and I am confident that by building our firm one quality deal at a time, the next 75 years will be as bright as the past." •

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manager. And the underwriters. And the Credit Manager. And let's not forget those rare few salespeople that seem to do well no matter their employer.

Conclusion

Nevertheless, what you'll find is that the odds for success are better when the "right" personality is chosen for the given situation. And if that salesperson has had past success "in circumstances similar to your firm's", the odds get even greater. For while the Perfect Salesperson may just be a myth, perfect failures are not. They are real, and unfortunately, plentiful. Hiring is all about stacking the odds in your favor. The better you recognize the "fit", the more successes you will have. •

Tightening the Grip

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behalf of the business and make calls to the IRS every thirty days to determine whether there are any liabilities. Alternatively, the factor or ABL could use a third party tax compliance monitoring service.

It is much easier to prevent the offset than to try to undo the offset once it has occurred. Assuming the factor or ABL identifies the liability with the IRS early in the collection process, either the taxpayer or a power of attorney can contact the IRS and request that the Revenue Officer remove the case from the FPLP. It takes approximately 90 days to remove a taxpayer from the FPLP and begin to see full payments on receivables. If the factor or ABL wants to recoup its advances, it will likely have to file a lawsuit for wrongful levy, which it may or may not win.

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Finally, the business can protect itself from levy (FPLP or otherwise) if there is a formal Installment Agreement in place. The formal agreement in combination with a subordination of federal tax lien (if necessary) can protect both the contractor as well as the factor or ABL. Again, it is much easier to negotiate a formal agreement prior to an actual offset or federal tax lien.

When addressing issues with the IRS, it always better to be proactive than reactive. If federal government receivables are involved, this is especially true. Substantial changes made to the FPLP over the past year will significantly increase the exposure of factors or ABL to offset — potentially to the extent of $1 billion. FMS can now take 100 percent of most receivables and the IRS no longer has to provide appeal rights prior to offset. Proactive monitoring and (when liabilities with the IRS arise) ensuring an agreement is quickly negotiated with the IRS can significantly decrease exposure to potential losses from offset. •

legal factor

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vegetables have been processed. PACA applies to fresh fruit and vegetables whether they are frozen or packed. Processing the produce, however, can remove the debt owed to the producer from being eligible for PACA trust protection. The Second Circuit Court of Appeals in *Endico Potatoes* case discusses this issue in detail. That court held that the products must be in their "natural form or are subject to a change in form which does not change the essential nature of the item, such as slicing, or a change which is meant only to preserve the fruit or vegetable, such as freezing or adding a natural preservative chemical." So blanching with water is acceptable, but breading is not. Frozen vegetables are covered by the Act, but onion rings and coleslaw are not.

Finally, to be a beneficiary of a PACA trust, the PACA claimant must provide timely written notice to the purchaser. The notice must be filed within 30 calendar days "(i) after expiration of the time prescribed by which payment must be made, as set forth in regulations issued by the Secretary [of the United States Department of Agriculture], (ii) after expiration of such other time by which payment must be made, as the parties have expressly agreed to in writing before entering into the transaction, or (iii) after the time the supplier, seller, or agent has received notice that the payment instrument promptly presented for payment has been dishonored." Often this notice is printed or stamped on the face of any invoices that the producer generates. Requesting and reviewing these invoices from your client is an important step in uncovering potential PACA trust issues.

PACA is a problem. Purchasing invoices that could be subject to a PACA trust is risky, and the case law has rarely been in a factor's favor. Also, certain states have state laws that create trusts like PACA, and factors need to be aware of these. The key is to either avoid this issue or make adjustments to handle the significantly increased risk. Otherwise, being unaware of a PACA trust problem can be a recipe for disaster. •