Financial Services Sales Training Manual

by the Training Team *

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*If you have comments or error corrections, please send them to the Documentation mailing list: docs@merchantsvcny.com

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1 Getting Started

This training manual is a general overview of selling financial services and products and is intended to aid sales representatives in the following areas:

1. Gain a thorough understanding of the financial services and products you'll be selling

2. Understanding Interchange

3. Analyzing statements and invoices

4. Learning how to price customers

5. Filling out applications and miscellaneous paperwork

6. Sales Skills & Marketing Material

7. Developing Customer Service Skills

1.1 What financial services and products will you be selling?

Financial services is a very broad industry and encompasses many areas. This training manual will focus only on those financial services and products that you will be responsible for selling, which is listed below:

1.1.1 EFT (Electronic Funds Transfer) Processing

Electronic Funds Transfer refers to the computer-based systems used to process financial transactions electronically

- Merchant services - a category of financial services intended for use by businesses. In its most specific use, it usually refers to the service that enables a business to accept a transaction payment by use of the customer's credit or debit card

- ATM - An automated teller machine (ATM) or the automatic banking machine is a computerized telecommunications device that provides the clients of a financial institution with access to financial transactions in a public space without the need for a cashier, human clerk or bank teller.

- ACH - Automated Clearing House is an electronic network for financial transactions in the United States that processes large volumes of credit and debit transactions to bank accounts in batches. ACH credit transfers include direct deposit payroll and vendor payments. ACH direct debit transfers include consumer payments on insurance premiums, mortgage loans, and other kinds of bills.

- Electronic Benefit Transfer - (EBT) is an electronic system in the United States that allows state governments to provide financial benefits to authorized recipients via a plastic debit card. Common benefits provided via EBT are typically sorted into two general categories: Food Stamp and Cash benefits.

- Electronic Check Processing - electronic payment process designed to accommodate the requirements of various consumer and corporate payment applications without the need for a paper check

1.1.2 Lending Products

- Business Loans

- Lines of Credit

- Startup Capital

- A/R Financing

- Equipment Financing

1.1.3 Payroll Processing

- Direct deposit - payroll payments for a business to its employees' checking accounts

- Time and Attendance

- Check printing

- Payroll Cards

- Tax withholdings

- W2 preparation

1.1.4 Investment Services

- Individual Retirement Savings Accounts

- 401(k) plan setup

2 Your Roles and Responsibilities

As an account executive, it is your obligation to operate with the highest degree of business integrity in dealing with your colleages, business partners, vendors, prospects and customers. Our business is based on trust and our reputation is the most valuable asset. Honesty and integrity are cornerstones of ethical behavior, and trustworthiness and dependibility are essential for achieving success. Our sales representatives possess the highest caliber of sales professionalism. In your role, you are responsible for establishing a strong foundation for lasting customer relationships. Remember, you are the customer's first impression of our organization. We expect you to take that responsibility very seriously.

2.1 Code of Conduct

Here are the basic requirments when it comes to code of conduct

- **Never forge a customer's signature or intials on any paperwork** - This may seem obvious, but even sales reps with good intentions have done it in the past thinking for example that the merchant forgot to sign pg 5 of the application but signed everything else. So instead of wasting the merchants time by having him fax over pg 5, I'll just sign his name. This will inevitabely come back to bite you. For example, backoffice may send out a copy of the customer's contract upon request and he/she won't remember signing a pg 5 because they never did. This will open up a a whole can of worms that can lead up to criminal prosecution for the sales rep. Not worth it....

- **Represent yourself properly when calling on customers** - Again, this may seem obvious, but sales reps continually represent themselves incorrectly. Representing yourself correctly is important because there are many rules and regulations in the financial services industry that you need to abide by, and if you violate any of these, it may lead up to fines and penalties. It's also important becuase if you misrepresent yourself it may cause you to lose a sale. Your sales office is a partner to a larger sales office or processing network. You can use that sales office's or processor's name or DBA (doing business as). You can even use varations of the name depending on the product or service you're selling (i.e Perl Merchant Services, Perl ATM Solutions, Perl Financial Services etc.) Because you can represent yourself differently depending on the situation, it is important to understand which name is the most appropriate for your situation

Scenario 1) You are solicting a regular customer for credit card processing - You can lead in by saying that you work for Perl Merchant Services.

Scenario 2) You are soliciting credit card processing to a small mom and pop merchant that can easily be confused - You might want to use a DBA of Merchant Services, instead of Perl Merchant Services as they might otherwise get confused about the actual services that you provide. They might start asking more questions about who Perl Merchant Services is, instead of what you can do to help them, which ultimately derails your sales pitch of how you can provide them cost savings and superior service. If the merchant asks who you work for, tell your prospective customer that you work for Merchant Services which is a part of the independant sales channel at First Data. If the merchant still wants futher clarification, explain to them that large processing networks such as First Data outsource their sales and customer service to independant sales offices in order to provide superior service to the customer at a lower price point. They focus on maintaining the networks and we focus on setting up and servicing the customer. Because they're so large the little guy gets lost, but for us every customer is important no matter how big or small.

Scenario 3) You are soliciting an ATM machine to a small convenience store - You can use the above scenario but instead of First Data, substitute it with RBS WorldPay. You get the idea.

- **Don't promise something that you're not sure you can deliver** - Don't tell a customer they'll be approved by the end of they day, when you're not sure if the'll be approved at all. It's better to be honest and let the customer known that it takes on average 2-3 business days to get account approved. Set and manage your customer's expectations for example> tell them that an account may take up to 3 days to get approved by underwriting, but sometimes it can take as little 24 hours. This way if it takes 24 hrs or even 48hrs the customer will be happy.

- **Don't over promise and under deliver**

- **Be quick to listen and slow to talk** - Don't give explanations to customer questions or complaints without first researching. The rule of thumb here is that "less is more". It's better to tell a customer that you want to doublecheck and look into it, and that you'll get back to them and let them know.

- **Get all the facts first** - Gather as much information about your customer's current environment and vendors before getting into a detailed discussion

- **Always act and speak to your customers in a professional manner.**

2.2 Performance

Your individual performance goals will be set by your manager. If you perform at a level that matches or exceeds your epectations, you won't be dissapointed.

2.3 Confidentiality

2.4 Dress Code

Dress according to the situation and use your best judgement when visiting customers. Most of the time you'll want wear business formal attire (i.e suit and tie for men and blouse and skirt or pants for women)

2.5 Prospecting & Pipeline requirements

2.6 Ambassador to the industry

You are expected to help support the financial services industry, instead of tearing it down. Customers will do the tearing down for you because they are unhappy with large beauracratic financial institutions setting all these rates and fees. We need to help mitigate some of this negative sentiment and explain the costs associated with providing these services and how the rates and fees help offset those costs. Remember, we are recipients of a percentage of the revenue that is charged by these financial institutuions, we depend on the financial systems and networks they put in place... so we need to explain how their pricing works. This way they won't feel like they are being held hostage and being subjected to arbitrary rates and fees. Gaining the customer's trust is imperative in getting paid for the services and solutions you provide.

2.7 Availability

It is important to be available during business hours (9-5 pm) to your customer and prospective customers. If you're busy and can't take a phone call or reply to an email or text message right away, get back to them as soon as possible. Customers appreciate a quick repsonse and it will go a long way in building rapport. If you are going to be unavailble for an extended period of time make sure you change your voice mail greetings and email out of office reply accordingly.

2.8 Customer Service

It is expected that you provide the first level of service to your customers. After all you are earning income from them. Who else is going to take care of them like you? You can give them the 800 toll free 24/7 customer service number, but be sure to tell them that if customer service doesn't take care of their problem to their satisfaction, or if they have any questions that you want them to call you. For example, you might want to say; "Mr. Customer, if you have any questions about your account, please call this 800 toll free number 24/7 and give them your account number. They're in front of their computers all the time, so they'll be able to help you better, buf if they can't help your for any strange reason, please don't hesitate to give me a call."

2.8.1 Add Service Requests

Your customers may need additional entitlements or equipment setup for them time to time. Use this as an opportunity to show them that you are there for them. Don't just pass them off to a customer support number.

You will typically need to fill out additional forms and have the customer sign off on them. Some typical add service requests are the following:

- DDA Change (Bank account change) - If the customer needs to change the account that funds are deposited into

- Additional entitlements - The customer wants to be able to accept AMEX or EBT or PIN based debit

- Additional terminals or software - The customer needs to process transactions with additional terminals and software

- terminal features need to be turned on or off

2.8.2 Additional Locations

If your customer has additional locations that need setup, take the initiative and help them through the process.

2.8.3 Terminal & Software Setup

It is your responsibility to worth the terminal help desk to help setup the merchant. This may require conferencing in the terminal help desk with the customer to aid in reprogramming their terminal. If the customer has software that needs to be setup with the new processor information, you may have to work with a VAR.

2.8.4 Documentation procurement

From time to time, credit and underwriting may need additional documents such as business financials or cash flow reports for a customer. It is your responsibility to get those documents from the customer.

2.8.5 Escalation Procedure

If there is a problem that you can't solve using all the resources made available to you, then escalate the issue to your manager. Make sure you exhaust all your resources first. For example> if a merchant needs to be setup with auto-settle on their credit card terminal, make sure you call the terminal help and have them set it up before you call your manger.

2.9 Communications

2.9.1 Phone Calls

2.9.2 Customer Meetings

2.9.3 Voicemails

2.9.3.1 Leaving Voicemails

2.9.3.2 Checking Voicemails

2.9.4 Email

2.9.4.1 Sending emails

2.9.4.2 Checking emails

3 Who We Are

Perl Merchant Services is an independant sales office that primarily focuses on sales and service. Through partnerships and relaltionships with well-respected financial institutions in the world, Perl is capable of providing world class financial products and services. One of these relationships is with First Data which enables 3.5 million merchant locations to easily and securely accept any type of electronic payment - credit, debit, electronic benefits, checks, cash advance, etc. First Data offers authorization, settlement, chargeback reconciliation, reporting, check verification and guarantee and point-of-sale solutions and equipment management. First Data not only provides various transaction processing network services but also through its bank partnerships offiers underwriting and takes on 100% of the customer liability. First Data also provides 24/7 customer service and online reporting as well as statement mailing services

People talk about technology moving fast, but in reality people are stepping up the pace with demands and challenges that carry us forward. We are constantly originating ideas and developing tools that transform ideas into realities.

We're very good at creating the electronic environments and the management systems that connect and create a faster, better and more secure payments system. Our approach is consistent and unwavering.

Our goal is to be an end-to-end provider for all payment types and select financial services. To achieve that goal, We will stay close to its core expertise. We'll provide the broadest range of services, and we'll continue to create value by driving efficiencies and strengthening connections.

3.1 Merchant Services

is comprised of businesses that facilitate the acceptance of consumer transactions at the point of sale, whether it be transactions at a physical merchant location, over the Internet or at an automated teller machine ("ATM"). It's primary location is in New York, NY and with significant operations are in Hagerstown, Maryland, Melville, NY ,Houston, Texas and Coral Springs, Florida. Merchant Service's service offers:

- Merchant acquiring - Facilitates merchants' ability to accept credit and debit cards by authorizing, capturing and settling merchants' credit, debit, stored-

value and loyalty card transactions. Also provides point-of-sale devices and other equipment necessary to capture merchant transactions.

- ("PIN") based processing - provides processing services such as authorization and settlement to issuers of PIN-based debit cards.

- ATM Solutions - provide ATM processing at off premise ATMs. Also sell and service ATMs to merchants.

- Check verification and guarantee services - Using proprietary database system, verifies that a check writer does not have a history of writing bad checks, or guarantees that checks presented to merchant for payment will be collectible.

- Prepaid services - implement and manage prepaid stored-value card issuance and processing services for retailers (i.e; gift cards), and provide prepaid cards as well as loyalty solutions.

3.2 Core Values

Our success depends on the quality of the relationships between us, our employees, our clients, our partners and the general public. Customers' impression of us and their interest and willingness to do business with us is greatly formed by the people who serve them. Therefore, employees should practice the core values, which are:

- Embodying the highest ethical standards in everything we do,

- Satisfying clients by always meeting or exceeding their expectations,

- Treating people with respect and dignity

4 Our Partners

4.1 Alflexus Network Solutions

4.2 RBS WorldPay

4.3 Metlife Securities

4.4 Advantage Payroll

4.5 Paradigm Client Services

4.6 Solaris EFT Network

4.7 Cardflex

4.8 First Data

- Provides fast, secure and reliable payment acceptance at more than 3.5 million merchant locations worldwide

- We conducted nearly 4,600 consumer transactions at the point-of-sale every 12 seconds

- Powers more than 17.7 billion North America merchant transactions annually

- Authorized more than 3.6 billion check transactions totaling more than $182 billion to more than 375,000 retail, financial institution, grocery and other industry clients in 2003.

- 30,000 employees worldwide

- # 1 in Computer and Data Services Industry category of Fortune Magazine 2003 most admired companies

4.8.1 The Alliance Bank Partner

A merchant bank alliance is a joint venture between First Data and a leading financial institution. Through this program, merchants receive processing and related services for credit, debit, and stored-value transaction cards. Alliance partners provide clearing and settlement while First Data provides merchant processing services and backoffice operations. First Data and the alliance bank share revenue and liability for the merchant accounts brought into the partnership. The alliance combines the processing expertise of First Data with the visibility and distribution channels of the bank.

4.8.2 Typical Alliances Have:

- First Data assuming most of the back-office operations for the bank.

- First Data sales forces selling on behalf of the bank in predetermined territories.

- Shared revenue from accounts signed by First Data and the bank sales forces.

4.8.3 Why Alliances make sense:

- First Data and its alliance bank partner benefit from the huge economies of scale afforded by the partnership.

- We are able to leverage the strong name recognition and reputation of the bank.

4.8.4 Other Partnerships

In addition to our typical alliances, First Data Merchant Services has other partnerships. More specifically,

A Full Service Processing Alliance (FSP) is a bank client who contracts with FDMS to process merchant transactions and back office services such as deployment, funding, settlement, and chargeback processing, to name a few. Currently, we have relationships with the following FSPs:

- Bank of Hawaii

- Commerce Bank Kansas City

- Moneris Solutions - formerly Harris Bank

A Revenue Sharing Alliance (RSA) is a bank that has a revenue sharing arrangement with First Data Merchant Services. First Data Merchant Services and the bank client share in the revenue stream, while First Data Merchant Services retains the ownership of the merchant contracts and manages the portfolio. Currently, First Data's Direct Business Group (DBG) has responsibility for managing the sales channels and services

for each RSA and works individually with each bank partner leveraging the bank's brand to grow sales. The Direct Business Group portfolio includes:

- First Bank of Missouri
- Wilmington Trust Bank
- Huntington Bank
- Susquenhana Bancshares
- Pacific Capital
- Unified Merchant Services (UMS)
- Sovereign Bank
- Express Merchant Processing Solutions (EMPS)
- SunTrust Bank
- State Bank of LI
- Associated Bank
- West Coast Bank
- Suffolk Bank
- Mid-South Bank
- Associated
- Webster
- First Mutual
- First Federal
- Suffolk County Nat'l
- First Charter
- Valley Bank
- Virginia Financial
- First American Bank
- International Bank of Commerce
- Commercial Federal

In addition, the Direct Business Group has responsibility for managing First Data's Domestic Agent Bank relationships, Referral Bank relationships and ISO's.

4.8.4.1 First Data & Concord Merger

In April 2003, First Data signed an agreement to merge with Concord, an electronic transaction processor. Concord operates in two segments - network services and payment services - which provide services similar to our ATM and PIN-based debit businesses and the merchant acquiring business.

- Network services provides ATM processing, debit card processing, deposit risk management and STAR network access principally for financial institutions.

- Payment services provides point-of-sale processing, settlement and related services, with specialized systems focusing on supermarkets, major retailers, gas stations, convenience stores, restaurants and trucking companies.

In shareholder meetings held on October 28, 2003 the shareholders of First Data and the shareholders of Concord each approved the merger of the two companies. Prior to these meetings, on October 23, 2003, the Department of Justice along with District of Columbia and eight states, filed a lawsuit against FDC and Concord seeking a permanent injunction against the merger of the two companies.

On December 15, 2003, FDC announced an agreement with the DOJ that will allow First Data to complete the merger with Concord. The stipulation requires that NYCE be operated as an independent, economically viable and competitive business concern, uninfluenced by First Data's acquisition of Concord. The agreement provides for FDC's divestiture of its 64% ownership of NYCE. After reaching agreement with the DOJ, the merger agreement was amended. Despite the delays created by the lawsuit, the merger was completed during the first quarter of 2004. Shareholders voted on the terms of the amended merger agreement in February, 2004 and the First Data/Concord merger officially closed on February 27, 2004.

4.9 Self Test

1. In your own words, briefly describe the ISO partner relationship.

2. In your own words, briefly describe the alliance bank partner relationship.

3. Other than VISA and MasterCard processing, what do we offer our merchants?

4. What are our Core Values?

5. Perl Merchant Services operates in 3 segments. What are they and where do you fit in?

6. What delayed the First Data, Concord merger and how was the issue resolved?

5 Chart Your Course

The first few weeks of a new job can be challenging. At times, you may feel that you're not certain how to spend your day, or where to direct your energies. That's why we developed a milestone checklist that outlines accomplishments for new Account Executives. Use this checklist to help you chart your course to success.

The checklist outlined on the following pages charts your first nine weeks of employment. You will spend time with your manager reviewing this workbook, your assignments, paperwork, time in the field and much more, To keep yourself on the right course, be sure to achieve the accomplishments that are outlined for each week. During these first few weeks:

Your Sales Manager will:

- Provide you with reinforcement training on all topics and test you regularly to gauge your understanding

- Conduct some form of training at all of your sales meetings

You, the Account Executive, will:

- Read through this manual

- Fully prepare for field training

- Ask questions when you do not understand

- Behave professionally at all business and/or training functions

- Practice your newfound skills continually

- Pass the certification exam

5.1 Your Report Card

Use this time wisely, the knowledge you gain during training is the foundation of your success. As an Account Executive, you should be flexible and easily adapt to change. The purpose of the Account Executive Report Card is to monitor and evaluate a new Account Executive's advancement through the first nine weeks of training. The following pages identify an agenda to be followed each week. Your Report Card is to

be completed by you and your manager.

Milestone Checklist - Week One	Yes	No
Review entire contents of manual and quick reference cards		
Setup laptop (if applicable)		
Discuss Manager's expectations		
Understanding Interchange		
Introduction		
Who We Are		
Your roles and responsibilities		
Attitude Counts		
Setting Goals		
Chart Your Course		
Field Work/Joint Sales Calls		
Weekly Activity Review and planning		

Milestone Checklist - Week Two	Yes	No
Verbally test understandinq of Payment Processing Section		
Hands-on Terminal Printer/PinPad demonstrations		
Manager tests Account Executives ability to download		
Account Executive knows how to complete MPA		
Account Executive can demonstrate tip adjustment on restaurant terminal		
Review assignments:		
Paperwork - Do It Right The First Time		
Field Work/Joint Sales Calls		
Weekly Activity Review and planning		

Milestone Checklist - Week Three	Yes	No
Account Executive received laptop (If applicable)		
Account Executive understands Credit Policy		
Account Executive understands the importance of site visitation		
Review Workbook and assignments		
Field Work/Joint Sales Calls		
Weekly Activity Review and planning		

Milestone Checklist - Week Four	Yes	No
Account Executive knows who, when and where to contact support personnel		
Review assignments:		
What is NARDIS		
Selling Skills		
Introduction to Pricing		
Field Work/Joint Sales Calls		
Weekly Activity Review and planning		

Milestone Checklist - Week Five	Yes	No
Review Workbook and assignments:		
Sales Solutions		
Internet - The Future is Now		
Field Work/Joint Sales Calls		
Weekly Activity Review and planning		

Milestone Checklist - Week Six	Yes	No
Review Workbook and assignments		
Field Work/Joint sales calls Activity		
Weekly Activity Review and planning		

Milestone Checklist - Week Seven	Yes	No
Discuss Academy Pretest and review potential subject matter		
Prepare and review for Sales Academy		
Field Work/Joint sales calls		
Weekly Activity Review and planning		

Milestone Checklist - Week Eight	Yes	No
INFO-TRAC		
Pre-Test		
Post-Test		

Milestone Checklist - Week Nine	Yes	No
Merchant Sales Academy Review		
Review Pre and Post Test Results		
Establish Pipeline Report		
Field Work/Joint sales calls		
Weekly Activity Review and planning		

Future Planning

We've paved the way for you to succeed. After certification you may think that you know it all. From time to time, you may use this book as a reference tool. That's why we've included many tips on how to become a successful Account Executive. The following pages tell you how to design a daily agenda that will help you make the big bucks. Bet you can't wait to find out, Remember, you learn something new every day.

5.2 Power Packed Agenda

This agenda is flexible and is just an example. Create a daily or weekly routine that works for you and your goals. If you prefer telephone sales, then instead of going on appointments, set that time aside for callbacks and instead of canvasing, use that time for cold calling

It's Monday morning, the alarm is ringing, the coffee is percolating and you're dreading getting out of bed. Are you familiar with that feeling? Sometimes it's tough to get moving in the morning. But, if you have a plan for the day and a schedule to adhere to, it's easier to get motivated.

Are you wondering how to plan your day and make the most out of your time? The following power packed agenda is a suggested schedule for a typical eight-hour workday. This is not written in stone, you may change the order of events to meet your needs. Creating a game plan for the day will be sure to bring you the results you are striving for. Ready? Let's get started,

1. BEGIN YOUR DAY

Rise and shine. Your day has already been successfully planned and you are excited to begin,

Tip: *Affirm your own goals. Visualize what you want the outcome of the day to be. How many deals do you want to close? How many referrals do you want to get? How much money do you want to make per day?*

2. 8:00 a.m. MAKE YOUR CALLS FROM HOME.

Make calls from your home. Review your schedule. Open your appointment planner. Review your prospects from the previous day or from your tickler file of merchants to revisit. Then call to set appointments to fill your calendar. Do this prior to beginning your fieldwork. Check your voice mail and respond to merchant needs. Check in with your manager. Check the VRU for the status of your accounts. Call Sales Support for any issues, etc.

Tip: These calls should concentrate on open issues from the previous day or to set future appointments with new prospects. Do not use this time to set appointments for this day. Your appointments should have been previously scheduled so that you will be better prepared for your sales presentations.

3. 9:00 a.m. - 11:00 a.m. FIELDWORK - LET'S GO MAKE SOME FRIENDS,

During this time, focus on making 20 "quality" cold calls. You may have to make 25 cold calls to get 20 quality leads. Remember, a first call is the first step to setting the appointment. Doing this can generate at least six sales per month, You will discover at least one merchant per day ready to discuss his/her payment processing. Most likely, two of the merchants will give you statements now. As you follow-up on these calls, another two of these merchants will give you statements to evaluate. Obtaining these four statements now, should result in another two sales later on.

Tip: Use your time effectively, Take each business card you have obtained and tape them - three per page - to a legal pad. Write notes in the margins from the calls (average ticket, volume, contact name, processor). This is an easy, effective way to keep a reference for your second call. Think of prospecting as a fact-finding mission. You owe it to yourself to keep your information organized.

4. 11:00 a.m. - 12:30 p.m. NETWORK: VISIT YOUR REFERRAL PARTNERS

Use this time to network and to visit two referral partners per day. Choose one in the area where you cold called in the morning and the second in the area you will call on in the afternoon. Each partner should generate approximately one lead per month. Use this time to meet with your referral partner contacts in person, to call their contacts, or to be at their location promoting your products and services. Make it your goal to use networking as a means to generate three sales per month.

5. 12:30 p.m. - 1:00 p.m. LUNCH

Take a break. Grab some lunch. Refuel your engine,

6. 1:00 p.m. - 3:30 p.m. FORMAL SALES PRESENTATION LET'S MAKE THE BIG BUCKS,

Your follow up has paid off. You have an appointment for a formal sales presentation. These appointments may have been set from referrals, cold calls, referral leads, etc. Set a goal to perform at least two presentations daily.

Tip: Your goal is to become confident in your sales presentations with the objective of closing at least one of the two calls. Some of the calls you do not close will result in a sale in the future.

7. 3:30 p.m. - 4:30 p.m. FOLLOW UP WITH EXISTING MERCHANTS OUR "GOLDMINE" OF REFERRALS

On your way back to your desk, call two merchants. One you have recently set up and one that has been on board awhile. The objective is to follow-up, not only to take care of customer service but also to ultimately get referrals.

Tip: Ensure the merchant is batching out, has access to important phone numbers such as Customer Service, Terminal Help Desk, etc. Ask if the merchant has vendors or business acquaintances that you could calI on. Check if the merchant has supplies. Ask for a vendor list, testimonials, and names of neighboring merchants. Become a friend to the merchant. Consistently following these things .

8. 4:30 p.m. - 5:30 p.m. DESKWORK

First, paperwork - the sale isn't over yet. To avoid paperwork chaos, stay organized. At least one application should be emailed, faxed or mailed per day to a prospective client. Request all necessary documents signed, get voided check, etc.

TIP: Prepare for tomorrow's presentations: analyze statements, compile necessary paperwork. For example, if a merchant is high risk, make sure necessary forms are included in your MPA folder. Check your voice mail and respond one last time.

TIP: Revisit previous prospects that are located within the areas you have set appointments in. Call these merchants to let them know you will be in the area and would like to schedule a meeting.

9. 5:30 p.m. HOMEWARD BOUND,

Now you have a plan of action for the next few days. Tomorrow you know exactly what needs to be done and where you need to be. Remember, this agenda can be flexible to suit your needs, but these are actions that need to be done daily to become successful. Now relax. You've earned it,

Tip: Try to make a couple of contacts while out to dinner that night or while picking up the dry cleaning. At your softball game, talk to your friends about what business you are in. You never know who may have a contact for you,

10. REAP THE BENEFITS,

Take time to enjoy the benefits of succeeding at your goals. Reward yourself with a special treat each time you meet or surpass one of the goals you have set for yourself. Go get that cigar you've been craving, that shirt you keep seeing in your favorite store's window, or that massage you've been dreaming about. You deserve it, If you follow this plan for two weeks, your sales will significantly increase. You'll be sure to rake in the big bucks,

Tip: Persistence and consistence is the secret to your success in this business.

6 Attitude Counts

For some salespeople, change is one of the toughest challenges to accept. Salespeople who resist customer objections, deny customer complaints and put off customer demands are likely to view change as a threat.

All new ideas and techniques initially seem uncomfortable. In your first stage of change, you may feel like an imposter. As you put the new idea or technique into practice, you may also feel self-conscious because you believe that others think that it really isn't you.

In your second stage of change, the new idea, after repeated use, becomes an integral part of your personality. The key to successful change is in this second stage, when you must discipline yourself to practice the new behavior.

Change stoppers are lightning-fast statements that come in clusters - "I'm too old," "I can't do that," "Everyone will think I'm ridiculous," "I'm not smart enough." Such stoppers work like water on a spark. The spark dies, the impulse fades. It is easier to do things the old way, even though we realize the old way may not be the best way. There is a place for nostalgia in our lives, but even an antique dealer must keep up with the times,

Many salespeople set a goal to make a lot of money so that they can experience security, acquire recognition, and be accepted by their associates. However, they never make the behavior change to follow up on each potential client. They believe it is easier not to pick up the phone than to risk failure. Change only one or two things to start, but do it consistently and you'll be amazed at the change in your prod uctivity.

Do you have enough fuel to win?

Many salespeople start their careers filled with hope, anticipation and determination. They are willing to give their very best to reach sales and income goals.

After a few years, they get used to receiving larger checks and discover they are spending their money faster than ever. One day, these salespeople realize they are driven by the need to meet bigger and bigger monthly payments. Since their spending faucet is wide open, they have to carry bigger buckets to replenish their reservoir. As a result, they feel depleted and often complain about the futility of the "rat race." What

caused the shift from reaching for lofty goals to simply hustling for money? What caused the transformation from being open-minded to becoming single-minded? Most important, what happended to the hope, anticipation and determination that made selling so exciting in the early days? The answer is simple: These salespeople ran out of fuel. Of course, the human mind does not work like a machine, but just imagine for a moment that it is a speical, powerful six-cylinder engine. But unlike a mechanical engine that functions well on one type of fuel, the human engine needs different kinds of fuel in order to achieve its peak potential. Imagine that each one of the six cylinders is connected to its own special fuel resorvoir. These six reservoirs fuel the engine of success:

- The fuel of higher meaning: If you dedicate your life to a higher cause than yourself, you will never want to stop contributing. Create enough meaning and you will create enough energy. If you limit the meaning of your work to money, you will soon run out of energy.

- The fuel of joy: Never miss an opportunity to create joy for others. Decide today that it won't hurt you to smile more often or to share a laugh with a client. Life is much more than doing business. If you put more fun into your work, you will get more fun out of your work.

- The fuel of leadership: Seek out good leaders. Allow them to stretch your abilities. Store away their lessons and use them as a fuel reserve to get through tough times.

- The fuel of goals: Goals are the architects of hope. If you run out of goals, all other cylinders will inevitably grind to a halt. Salespeople need to plant hope in the fertile soil of the imagination. Lack of hope inevitably leads to depression.

- The fuel of teamwork: The days of the lone ranger in selling are history. Today's winners are part of a successful team. If you help other people win, you will have a team of people helping you win.

- The fuel of rewards: Enjoy the fruits of success, share the credit with your team and preserve the lessons you learned from each victory. Maintain an attitude of gratititude. View each peak performance as a refueling stop from which you can launch your next success.

  If you find yourself only running on two cylinders, check your reservoirs and replenish them today. It may surprise you, but all the fuel you'll ever need to reach the highest peaks is already stored within you. It's up to you to release the valve that will let it flow.

6.1 Five ways to make changes work for you

1. Think of change not as giving something up, but as a way of getting emotional rewards.

2. Make it a habit to try new things when you aren't tired.

3. Use the power of auto-suggestion. Each day, tell yourself you like trying new things, because the experience helps in learning, changing, and growing. Do this at least ten times daily for a month.

4. Look for ways you can become a stronger or better person.

5. Encourage change in all facets of your personal and business lives.

6.2 Create a new attitude

By finding a new comfort zone within the structure of change, you can become a change agent - someone who welcomes, embraces and looks forward to change. Change agents actually get a rush from new challenges. They sell more with less stress, and consistently reach their personal best.

6.2.1 Keep your attitude elevated

Your attitude and mental focus will make the steps you take to boost sales even more effective. To help keep your motivation up, remember to be patient to see the results of your effort. Keep personal and other distractions to a minimum and make a conscious decision to follow through on your goals and plans.

Surround yourself with supportive friends and co-workers who'll ask about your progress - if you know they're going to ask, you'll probably try harder to make your efforts successful.

6.3 Of Mountains and Molehills

To keep yourself mentally stimulated by putting a little creativity into what you do. Using your brain helps you generate more original ideas and show prospects that you're an independent and not just a carbon copy of the last salesperson who passed through. To keep your motivation high, keep your problems in perspective. Not all problems are created equal, but many of us still let minor annoyances ruin what might have been a perfectly enjoyable and productive day. A positive attitude can help you look better, feel better and sell better, so don't let this morning's flat tire or rude prospect sabotage your mood and your sales for the rest of the day.

The dictionary defines "perspective" as "the capacity to view things in their true relations or relative importance." Try these 15 ways to help you learn how:

1. Look at your problem within the context of your entire life: When minor misfortunes strike, ask yourself: "How important is this difficulty in the overall scheme of things? What will this matter ten years from now?" The key is to see the problem for what it is and not to let it dominate your thinking for an entire day, week or month.

2. Think about the "big picutre.": Ask yourself: "Why am I here? What is my mission in life? Am I following my purpose?" These aren't nebulous, insignificant questions - rather, they can help enrich your life by making you think about what's really important to you. Pondering the answers will help you pay less attention to petty annoyances and more attention to things that will help make you a better person.

3. Recognize the miracles around you. Remember that you're part of an extraordinary universe. Amazing things are happening all around you every second - the earth rotates, the sun rises and sets and the seasons change in a wondrous, never-ending cycle. These observations can help make that speeding ticket seem completely irrelevant.

4. Consider the possibility that everything happens for a reason: Talk to positive, successful people and find out how they feel about this principle. Ask those who answeraffirmatively to share with you why they feel that way. Remember that your problems may turn out to be blessings in disguise.

5. Reach out to others: When your own problems seem a little overwhelming, turning inward often tends to multiply your frustration and depression. Instead, offer some words of comfort or encouragement to someone else. You might be surprised at how easy it is to cheer yourself up by trying to brighten someone else's day.

6. Interact with people facing more serious challenges: When you volunteer each week in a homeless shelter or local hospital around people facing terminal illness or disabilities, it's difficult to get too upset over minor irritations. Spending a little time every week around those less fortunate than you lets you help improve their lives as they help improve yours.

7. Count your blessings: As long as you're counting all the things that go wrong in your life, give equal time to the things that go right. If you're in reasonably good health and have a roof over your head and food in the fridge, you have a lot more than many of those around you. Use an index card to list all the advantages you enjoy in life and display it where you'll see it often.

8. Associate with positive people: The company you keep can influence your attitidue for better or for worse. To learn to keep your problems in perspecitve,

spend more time around people who keep theirs in perspective. Look for individuals who rarely complain, who stay enthusiastic and who always seem to look on the bright side.

9. View problems as opportunities for growth: Put a positive spin on the situation. Look for lessons or opportunities in adversity. Remember that challenges often lead to new and improved procedures so that you can prevent the problem from recurring.

10. Speak no evil (or other negative words): Griping only reinforces your problems and spreads your feelings of gloom and doom. Find something positive in your own life or someone else's to talk about. Try to offer someone a sincere compliment at least once a day to make them and yourself feel a little better.

11. Read attitude-enhancing literature.: The Bible - or some other spiritual book - a compilation of inspiring quotes or stories or any other daily dose of motivational literature can gradually help you change negative thought patterns. Look for stories in newspapers or magazines about people who have achieved success despite overwhelming odds. Use them to remind you of your own capabilities and potential - then resolve to let nothing stand in your path to success.

12. Change your environment: To change your perspective and your point of view, opt for a change of scenery. Even if it's just a walk in the park on your lunch break, new surroundings can help refresh your spirit and your attitidue. Avoid entertaining negative thoughts in your new environment to help you develop an association between changing your surroundings and renewing your perspective.

13. Exercise: The mental and physical benefits of regular exercise are too numerous to ignore. Try a brisk 30-minute walk or jog to help tone up your mind as well as your body. Make time in your schedule for exercise at least three to four times a week. You may think you can't live with an exercise program now only to find that you can't live without it later,

14. Lighten Up: Learn to laugh at yourself and life's absurdities. Smiling and laughing not only elevates your mood, they reduce demotivating tension and stress.

15. Simplify your life: Instead of allowing yourself to be pulled in ten different directions, give your life a sense of balance. Make time each day or each week for yourself, your family and friends. Know where your priorities lie and spend your time accordingly.

Developing a healthy perspective is much like building up an immunity to the minor iritations that others allow to control them. When you can see an inconvenience for what it is instead of turning it into a monumental problem, you can take charge of

your attitude and your productivity. The next time you're tempted to make a big deal out of a small obstacle, step back and look at it in a new perspective - then step over it and move on.

6.4 Are you a successful salesperson?

A successful salesperson has commitment to what he or she is doing, has persistence to never give up, is committed to continuous learning and has a healthy ego and uses it to measure room for improvement. None of these attributes are easy to acquire. Commitment, humor and a strong ego come easily as long as you are constantly winning. When you have days of "no's", too many bad breaks and not enough commissions, then commitment, humor and ego may desert you. Although most of us think of ourselves as good listeners, few are.

These two tests can help you assess yourself and your success. The self test should be taken by you and lets you know how you perceive yourself. Put a number next to each line from 1 to 5, where 1 is always and 5 is never.

Part I - to be completed by you
In sales I am:

1. Assertive

2. Honest

3. A beleiver in my product

4. Self-confident

5. Enthusiastic

6. Outgoing

7. Focused on my objective

8. Professional in demeanor and dress

9. Displaying good posture and expression

10. A good listener

11. Perceptive

12. Thinking "What does my prospect want?"

13. Relaxed and alert

14. Able to restate my prospect's needs

15. Anticipating concerns/objections

16. Not personally rejected when someone says no

To get your score, simply add the number you received on each question. Check the chart below to see how you rated,

25-50 points Excellent
51-75 points Good
76-100 points Needs Work

You can use this test as a communication tool with your manager. After completing the test, take a few minutes to review your strengths and discuss how to improve your weaknesses.

6.5 Become a Rainmaker

- Rainmakers are called such because of their reputation for bringing in lots of new business. This is a good thing, As an Account Executive, you may want to learn more about how to become a rainmaker. The following is a short excerpt from the book How to Become a Rainmaker, by Jeffrey J. Fox.

"American Indian tradition exalts the Rainmaker. The Rainmaker used magical powers to bring the rain to nourish the crops to feed the people. Without the rain, the people would weaken, die or have to move elsewhere.

Today, a Rainmaker is a person who brings revenue into an organization, be it profit or not-for-profit. That revenue comes from customers and donors. That revenue is the aqua viva - the lifeblood-of the organization. Without it the organization will die. Customer's money is the rain.

The term Rainmaker is more commonly used in such professional service industries as legal, accounting, consulting, investment banking, advertising and architecture. In these industries, Rainmakers are the two or so people in the firm who are responsible for generating most of the new customers, the new business.

Big-hitting Rainmakers are among the highest paid employees in every company in every industry. They operate under many titles: owner, partner, chancellor, sales representative, CEO, agent, managing director, and fund-raiser ...

.. .The job of every employee is to help ring the cash register. The job of every employee is to keep the customers coming, and to keep the customers coming back.

This book is a recipe for how to sell, for how to make rain, be it a drizzle or deluge, sprinkle or storm. If your organization needs revenues, and if you want to become invaluable to your organization, then read this book."

The Rainmaker's Credo:

- Cherish customers at all times.

- Treat customers with respect.

- Listen to customers and decipher their needs.

- Make (or give) customers what they need.

- Price your product to its dollarized value.

- Show customers the dollarized value of what they will get.

- Teach customers to want what they need.

- Make your products the way customers want it.

- Get your product to your customers when they want it.

- Give your customers a little extra, more than they expect.

- Remind customers of the dollarized value they received.

- Thank each customer sincerely and often.

- Help customers pay you, so they won't be embarrassed and go elsewhere.

- Ask to do it again.

If you like what you see so far, we recommend reading the book in its entirety. It's a fast read and you can only benefit by what you will learn. Other recommend readings are:

1. Fish, A Remarkable Way to Boost Moral and Improve Results written by Stephen C. Lundin, Ph.D., Harry Paul, and John Christensen

2. Who Moved My Cheese: An Amazing Way to Deal With Change in Your Work and in You written by Spencer Johnson

3. Seven Habits of Highly Effective People written by Stephen R. Covey

6.6 Focus on the Humor

It has been said that a sense of humor separates the positive and negative people of the world. The more you develop and use your sense of humor, the more positive you will become. Some people seek out the humor in any negative situation. When successful, these are the same people who are able to minimize any adverse impact the problem has on their most priceless posession – their positive attitude,

How can you enhance your "humor focus?" First, you have to f. ~~o;~~'?:" accept the fact that anyone can develop a stronger sense of humor. It just takes practice. Secondly, recognize that humor is therapeutic. Not only are there mental benefits, but there are proven physical benefits as well including better digestion and blood circulation.

Seeing the lighter side of negative situations can help transfer your focus from the problem to possible solutions. To broaden your sense of humor, complete the exercise on the following pages. While you will not be asked to provide answers, if you can't see the humor in the questions -***lighten up,***

6.7 Self Test

1. After they make styrofoam, what do they ship it in?

2. If you melt dry ice, can you take a bath without getting wet?

3. Sponges grow in the ocean. How much deeper would the ocean be if this didn't happen?

4. I've forgotten the answer. Is it possible to have deja vu and amnesia at the same time?

5. Without gravity, when birds died would they just stay aloft?

6. Is there an implied time limit on fortune cookie predictions? If so, what is it?

7. Did Washington just flash a quarter for his ID?

8. Is it possible that feathers tickle birds?

9. Ballerinas are always on their toes. Why don't they just get taller ballerinas?

10. Just because you're paranoid, does that mean they're not out to get you?

11. |s it true that there is not one single square inch of soil anywhere on the face of this planet that has not, at one time or another, passed through an earthworm?

12. Why do people always look up when they're thinking?

13. Why don't people get goosebumps on their faces?

7 Setting Goals

A goal is an end toward which you direct some specific effort. It is a written statement of intent and results to be achieved. Daydreaming about your goals does not help you to reach them. Writing your goals helps you make sure you have all the elements.

Goal statements must include the following components:

- action verbs - "what do I expect the outcome of my actions to be?"

- measurable outcomes - "how will I know when I have reached the outcome?"

- specific dates for accomplishment - "when precisely do I want to have the goal completed?"

- cost and resource constraints - "what is the maximum cost (money and resources) I will allow myself to achieve this goal?"

7.1 Goals Can Make Your Success Dreams Come True

"If only I could have seen my goal in front of me ... "

There's a story about a woman who decided to break a record by swimming from Catalina Island off the coast of Los Angeles to the California shore. She trained for months for the event. She even raised sponsorship money to assist in the costs of renting a large boat and employing a few professional coaches and athletic medical personnel.

When the big day came, she slipped into the icy waters and began her slow, rhythmic motion practiced to utilize her energy to the utmost.

At first she felt extremely confident, taking time and water conditions into account. But as time elapsed she began to weaken in the cold water, and fog began to make conditions worse. Finally the fog was so thick she had to get directions from the crew on board the yacht that was only a few yards away, monitoring traffic as well as watching her very closely in the event something went wrong. "A little to the right," the man on the boat yelled through a hand held loud speaker. "A little to the left," he shouted when she was off course again. This went on for what seemed like hours

when she finally begged to be pulled out of the freezing water - only one mile from breaking the standing record,

After a few cups of hot tea, she explained that she would have continued "if only I could have seen the shore line. I just could not keep on when there was no goal in sight."

7.2 The Importance of Having Goals

This same principle applies to an Account Executive. Without a goal, an Account Executive is like a ship without a rudder. All the right conditions may be there:

- the best tools

- a ready market

- a great product or service

- a price which is just right

Without a purpose, the Account Executive is no better off than a well provisioned ship with a full fuel load and a complete crew but without a destination. When the ship's engines start, how well they run and when they're shut down is of little consequence if there is no destination. It's the same way for the Account Executive. Without a clear cut, well defined objective to begin with, even the result is no indication of real progress. How can you know where you've come to when you have no idea where you started?

In Lewis Carroll's, Alice in Wonderland, Alice finds herself at a crossroads not knowing which way to go. As she ponders the situation the smiling Cheshire cat magically appears on a tree branch and asks what the trouble is. "I don't know which fork to take," she explains. "Well," the cat replies, "where do you want to go?" "I don't know," answers Alice. "Then either fork will take you there," replies the cat with a broad grin. And so it will.

The problem with this attitude is the cost of it. If you took an inventory of all the elements of your career that are the most valuable to you, what might you come up with?

- Your briefcase, made of hand tooled leather from the far reaches of the Orient?

- Your well fitted wardrobe made of fine wools, cottons, silks and linens?

- How about your car?

- Your gold pen set?

- That expensive watch?

- What about the computer you bought to help you track your production and create financial analysis sheets?

All these and more would qualify for the list. But there is one consideration that outweighs all the rest...your time.

7.3 What Do You Want to Achieve?

What income would you like to earn in the next 12 months – $30,000, $40,000, $50,000, or perhaps $70,000?

Let's take a person who wants to gross $50,000 in the next 12 months. If you only work 40 hours a week at selling and you take a total of two weeks off, you'll put in 2,000 hours. That makes each one of your hours on the job worth $25.

Have you ever noticed how much time you waste when you don't have clearly defined objectives accompanied with a well thought-out strategy to accomplish them? How much time would you suppose you waste per week under these circumstances? Eighteen hours is the national average. At $25 per hour, you're sending $450 per week times 50 weeks per year right down the drain, That amounts to $22,500 lost, resulting in a gross income of $27,500 or about $13.75 for the same hour another person will sell for $25.

This is the main reason why one person will earn $150,000 in a year while another person in the same industry will earn $40,000, It all comes down to the proper use of your most valuable commodity - time. If you budget the expenditure of your time as well as you would budget a large sum of money, you'll see far better results than you could possibly imagine.

So now that we understand the problem, what is the solution? The solution is deciding what you want, then letting go of everything except what you've chosen for yourself. After all, if you can see your goal clearly in your mind, you can achieve it. If this weren't so, you would never have been able to imagine the goal to begin with.

7.4 The Golden Egg

If you're waiting for the goddess of good luck to smile down on you, give her a target to find. Don't be like the millions of aimless wanderers who wait for fate to intervene on their behalf. Good luck, it has been said, favors the prepared path. So set out for a specific destination. Design a written, timetabled, well-thoughtout description of what you really want from life.

Studies have proven the value of having written goals. For instance, one Yale University study monitored Yale's 1954 graduating class over a 20-year period. Only 3 percent of this promising group had written goals in 1954. By 1974 this 3 percent had achieved more success and personal wealth than the other 97 percent combined.

This is eye-opening witness to the power of written, challenging goals.

What would you dare to dream about accomplishing in your life if you knew there was absolutely no chance of failure? What would you go after in life if you were fearless?

Examine your honest answers to these questions and ponder Teddy Roosevelt's words:

"The credit belongs to the man who spends himself in a worthy cause; who at best knows in the end the triumphs of high achievement; and who at the worst, if he fails, at least fails while daring greatly; so that his place shall never be with those cold and timid souls who know neither defeat nor victory."

Now move forward and begin your blueprint for achievement by writing your own master plan.

- Rule 1: Turn goals into beliefs and state them in positive terms. Focus on what you want, not what you don't want.

- Rule 2: Use specific sensory terms: How does the goal belief look, feel, sound and smell? Paint your success picture and put yourself in it.

- Rule 3: Set celebration dates, timelines and lifelines, not "deadlines." When constructing a timeline, do the "back step." Break the goal down into manageable parts all the way down

- to what you can do daily to further your efforts toward the goal.

- Rule 4: Have proof of arrival. Know in your mind's eye what your destination looks like. Remember, "you're not invited to the celebration if you don't know where it is."

- Rule 5: Take responsibility for your master plan by taking control.

- Rule 6: Do your beliefs reflect good character, ethics and integrity? "Ask not what others can do for you, ask what you can do for others and your community."

Remember that although having a plan may crack the door of failure, at the same time it increases the odds that you'll eventually succeed at whatever you dare to dream. Then you will meet the goddess of good luck.

7.5 Mission Possible

When you aim high, sometimes your goals can take on mammoth proportions. And when your goals look least attainable, you're in the greatest danger of giving up on them before you start. To take control of your goals instead of letting them control you, follow these guidelines for setting and making steady progress.

7.5.1 Define your goals precisely...

When you know specifically what you want to accomplish, it's easier to keep going to obtain your goal. Instead of telling yourself, "I'm going to spend most of today making cold calls" say, "I'm going to make cold calls from 2:30 p.m. until 5 p.m. or until I've made 20 calls, whichever comes first." You might be tired at 4: 30, but if you know you have only 30 minutes of calling left, you'll be less likely to quit before 5 o'clock than if you had no goal at all.

To form a step-by-step plan for achieving your goal, you need to be able to define it. If you have visions of making twice as much money as you do now, ask yourself what you'll have to do to double your salary and/or commissions. How many more calls will you have to make each week? How many more of those calls will you have to close than usual? Use your answers to set incremental goals that will lead to the big ones.

7.5.2 Be Reasonable

The idea is to challenge yourself, not to set goals too unattainable that you're hardly motivated to try. It's great to be optimistic, but if you overestimate your ability in the beginning, you'll set yourself up for disappointment later. Take a close look at your current schedule and obligations and what you've accomplished in the past to decide what constitutes an attainable goal. Figure out how much more time you're willing to work each week toward your goals, then translate those hours intg...e.J.(tra calls and extra sales to set a reachable goal.

7.5.3 Start Strong (and stay that way)...

Instead of starting out tentatively, be aggressive. planned and prepared your goals carefully, you shouldn't be concerned about making mistakes. The more time and energy you put into the beginning of your goal-reaching effort, the more motivated you'll be to continue after you see how much you've already accomplished. Try setting a starting date slightly later than when you'll be ready to help build your anticipation and eagerness to get going. If you still have trouble getting started, make an easy commitment to work on the task for only one hour. A one-hour work period is easy enough not to be intimidating, but it will at least get you started. The momentum you generate will in turn help motivate you to keep going.

7.5.4 Measure your progress...

To make sure you're on the right track and on schedule, you have to measure how far you've come and how much time it's taken you. "Keeping score" helps you stay interested and motivated to continue - which is critical to your success. Take a look at the goals and deadlines you've set and compare them to what you've accomplished. Even if you're behind schedule, be sure to give yourself credit for the things you have achieved. View the measuring process not as an excuse to reward or criticize yourself, but as an opportunity to objectively analyze your performance and find out how to improve it. Using several different measurement methods will make it easier for you to pinpoint exactly what you're doing right and in what areas you need to improve.

7.5.5 Adjust your course...

Give your original goal achievement plan enough time to work, but know when it's time to try something new. When your performance doesn't quite live up to your expectations, analyze your progress and make comparisons between the different measurements you take to find out where you need to change your plan.

If your number of calls are up, but your total sales are down, you may need to brush up on your closing skills or qualify your prospects more carefully. Even if your plan is working, don't limit yourself to the methods you've been using. Be open to change and experiment with new closing techniques or cold call scripts. To maximize your performance, you have to be willing to make changes and improvements to your strategy and techniques.

The whole point of setting goals is to push yourself - to try to reach even higher levels of achievement. The only useful goals are the ones that challenge you, and to meet any challenge successfully requires careful planning and preparation. When you know not only what you want to achieve, but how you'll tackle the job, you can face any size goal, confident that you have what it takes to achieve it.

7.6 Secrets to High Achievement

Before you begin to list your goals, review this list of eight specific achievement factors that sales executives can use to reach the next level of achievement.

- **High achievers** discover their vocation and their specialty. They find something they love doing, something at which they can become really proficient.

- **High achievers** develop competency. There is no long-term success without developing one's interest or specialty into a real competence.

- **High achievers** are persistent. They are not easily stopped when they feel they are on the right track.

- **High achievers** channel their needs and wishes into their work. They are able to channel intense desire into a focused, informed effort to realize significant goals.

- **High achievers** value and manage time. They are aware that they live in a very time-conscious society and that they must cope with its demands.

- **High achievers** know when and how to focus. They can tune out static and distractions to give absolute attention to the task at hand.

- **High achievers** are sensitive to their environment. They recognize when they are in the right place at the right time; they understand the importance of mentors and teachers.

- **High achievers** perceive opportunities. They are open to what is happening around them; they are always learning because they are inquisitive individuals.

7.7 Making Your Goals Work Hard

Every good book on self-management will tell you how important goals are to success. What they don't always explain is how to map goals out so they are concrete and workable. Here are questions to ask yourself about your goals. The answers will help you turn that pie in the sky into a delicious down-to-earth achievement.

7.7.1 What's the job?

Think of your goal as employment. You are hiring yourself to accomplish a project. Write out a "job description" that lists small tasks that will get you moving toward your goal; the expected results of your efforts; any helps you'll need and people who can give you advice.

7.7.2 What will you get?

Will reaching your goal mean more money, more vacation time, your own business? Do you want your name in print, a promotion with an impressive title, your picture in company advertisements?

7.7.3 How will you rate yourself?

Are you comparing your efforts to the competition, your peers, experts in your field? Is there a standard of excellence you're striving for?

7.7.4 What is your timetable?

Set deadlines: monthly, quarterly or yearly. In the short-term think hours, days and weeks.

7.7.5 What are your priorities?

Often, important goals get put aside for years because there's always something else that needs to be done now. List your "must-do" items in order of priority. Look at the list frequently to remind yourself not to put them off.

7.7.6 How difficult are your goals?

By thinking through how hard it will be to reach your goals, you can reward yourself for progress and keep from getting discouraged when the going is roughest.

7.7.7 Who else will be affected?

Does your spouse need to watch the kids for two hours every night so you can take a course or stay late at the office? Will you need written recommendations from your superiors? Is the workshop or licensing exam you need only offered twice a year?

7.8 Establishing Your Goals

Now it's your turn to focus on setting goals. In the space below, please list three of your most important goals. At least one of those goals should be career related. Remember, they must include all of the following elements:

- action verbs - what do you expect the outcome of your actions to be?

- measurable outcomes – how will you know when you have reached the outcome?

- specific dates for accomplishments - when do you want to have the goal completed?

- cost and resource constraints - what is the maximum cost (money and resources) you will allow yourself to achieve this goal?

You should now tear this page from your workbook and place it in a spot where you can review it often. Some people opt for their briefcase, their portfolio, or even the visor in their car. The key is to read them again and again, and revise them when necessary.

Your career goals should be in line with your manager's expectations. It may be very beneficial if you and your manager review your goals together to ensure alignment exists.

8 Getting Acquainted

Getting to know an organization is much like putting together a complicated puzzle. The overall picture may be clear, but it's difficult to see how the individual pieces interlock. We'd like to eliminate that difficulty for you. Take some time to sit down and learn about your sales structure. It's important to understand your organization and to familiarize yourself with all of the functions of your sales office. By learning what person is responsible for the functions within your sales office, you will eliminate a lot of confusion in the future. In the meantime, we'd like to familiarize you with the many different support units that are available to assist you during the sales cycle.

8.1 Electronic Payment Processing Sales Infrastructure

To support our sales force, we have built a strong infrastructure. Some of these groups work solely with the sales force while other units work only with prospective merchants or with merchants already on board. Each group plays an important role in the sales process. By the support they offer you, the Account Executive, they assist with the sales process. While you may work closely with some of these groups and rarely with others, it's important to get to know what each group does. By doing so, when you need assistance, you will know what group to call without having to search for answers on your own. Take advantage of the support that is available for you, these groups are sure to provide you with great support when you need it.

8.1.1 Account Executive Support Units

The chart below explains what each support groups does and what you should call that group for:

Group	What They Do	Call this group...	Contacts
Commission Unit	This group assists Account Executives with general commission inquiries.	questions about a commission commission discrepancies	commissions@perlmerchants.com
Technical Support	This group assists Account Executives with technical issues.	√ Secure ID cards √ Laptop Deployment √ Problems with accessing the Internet or submitting a contract √ non-functioning laptops or printers √ Outlook Installation and/or configuration	techsupport@perlmerchants.com
Technical Assistance Center (TAC)	This group assists Account Executives with technical issues related to the NARDIS system, HP Media Vault File Server and Intranet	√ retrieve merchant numbers for accounts √ access to merchant notes and reporting systems √ customer relationship management	
Office Administration	Office Administrators support Account Executives with necessary documents, supplies, policies, and procedures to sign new business. They also perform all data entry functions and account approval status	√ contracts and associated new account forms √ application status √ general paperwork and policy questions	
Sales Solution & Activation Team (SSAT) 42	This group has three units: Pre-sale: provides consultative services to AEs for advanced product solutions. Implementation: works with internal/external resources to ensure accounts with a signed volume of $1-25MM are setup in a timely & accurate manner. Post-sale: reviews contracts and	Pre-sale: √ to verify certification of advanced software, Internet solutions and connectivity methods √ to schedule a conference with AE merchant and/or vendor to discuss conversion upgrade or change and viable solutions - available by appointment √ for assistance with responding to product and service related questions on RFPs (merchant request for proposals) Implementation: √ for assistance in implementing merchants using advanced	ssat@alflexus.com

Group	What They Do	Call this group...	Contacts
Sales Operation Support (SOS)	This group provides technical support to Account Executives having difficulty performing a download. A Fax on Demand system is available for download instructions, keypad overlays and quick calling 50S. reference guides.	- changes to a download file - difficulty with a download attempt i.e; software and hardware trouble shooting	sos@perlmerchants.com 1-877-271- 0673, option 3
Sales Support	Sales Support acts as a liaison between the sales forces and various departments within the organization. This group assists Account Executives resolving and troubleshooting account set up issues.	- credit status/reject Decline - re-evaluation status Adding/status of entitlements - network/status changes for new merchants - terminal ID inquiry - equipment shipping status - additional equipment - deployment rejects - Undeliverables	support@perlmerchants.com
Sales Training	This group provides all phases of training t the sales force	- equipment and product questions - paperwork and procedure questions - credit policy questions - NARDIS questions - sales skills instruction	training@perlmerchants.com

8.1.2 Merchant Support Units

Our customer service reputation is among the finest in the industry. We've made significant financial investments in our technology and employee training.

Your new merchants may have a need to deal with some of the customer service

areas we've outlined below. Please familiarize yourself with the units, their functions, and telephone numbers so you can effectively educate your clients.

Group	What They Do	Merchant Call this group...	Contacts
Additional Entitlements	This group entitles additional cardtypes for merchants (e.g; American Express, Discover, JCB).	Have additional card types entitled for their account	
Customer Service	This group assists merchants already processing with any service issues they experience. *Account Executives may contact Customer Service to perform a "warm hand-off" for a merchant. If a merchant calls you with a customer service type issue, you may conference Customer Service into the call and "hand off" the merchant to the Customer Service Representative. The merchant will feel better about you and the organization and you can focus on selling,"	- Set-up - Pricing - Supplies - Funding - Statements - Status Changes	
Merchant Activation Group (MAG)	This group provides over-the-telephone terminal training to merchants who were submitted via paper contract or via Emerald 3.0		
Terminal Help	This group assists installed merchants having difficulty with their point-of-sale equipment.	- Their point-of-sale equipment is not functioning properly. - They do not know how to perform a specific transaction on their terminal.	

8.1.3 New Account Services

It's an old saying in business that "you never get a second chance to make a first impression." If you have a bad experience at a new store, you're not likely to go back.

And, if for some reason you must go back - that it's the only grocer for miles, say - you probably won't be a happy customer.

Our senior management looked closely at the first impression the company makes on new merchant customers and decided to regroup existing service areas to coordinate activities and build in greater quality controls to improve the customer experience. The new organization, called "New Account Services" is "Where First Impressions Determine Relationships."

New Account Services is an operations-based organization that coordinates with our alliances, bank partners, and sales forces. It includes the most critical areas involved in setting up and servicing a new merchant account. Those initial steps - our first impression - is critical to ensure that merchants will remain customers.

New Account Services is one cohesive organization having logical quality checkpoints to identify errors during the account set-up process so they can be resolved before they affect our customers. The areas that impact this process include:

- Account Implementation Services whose employees quality check contracts submitted for processing and enter the merchant information using the new Mercury C21 system.

- Front End Deployment that handles terminal set-up and the submission of deployment.

- Account Services Product Management, whose staff manages the development and maintenance of the new account setup.

- Sales Support which provides up-front support to the sales force, helps resolve issues with contracts that are in process and provides information on new account status,

- Sales Solutions and Activation Team (SSAT) which provides pre-sale support for technically advanced products, implementation and post-sale account turnover for accounts $lMM-$25MM.

- Contract Administration that directs the creation of and revisions to the FDMS merchant sales contract and addendum forms.

The New Account Services area employs three steps to improve the merchant's setup experience:

- Prevent errors from start to finish. The new Mercury C21 system employs sophisticated business rules customized to each channel to ensure that new account data entry is as accurate as possible.

- Identify errors sooner and resolve them before they impact the merchant. Part of this will be accomplished by a more thorough post set-up review to double check the accuracy of a prospective customer's application. Daily "exception reports" have been created that compare the merchant's master file values with a set of alliance billing policy and business rule standards; if something doesn't match, then it's flagged for closer examination.

- Improve systems to prevent errors. We continue to look at sales and account entry tools with an eye toward building in additional business logic that will further reduce the chance of perpetuating errors.

In addition to new customers, the Merchury C21 system handles about 50,000 account "status" changes a month - new phone numbers or addresses, new locations, adding or dropping acceptance of a particular type of card.

Consensus has it that while it may be a little extra work, we all see the end benefit. When you, the Account Executive, sign up a merchant it should be the beginning of a positive relationship, a glow period. We want to make sure that customers will process with us for a long, long time,

8.1.4 Retention

The retention unit is a proactive outbound phone center. The retention units' objective is to develop an understanding of why merchants leave and where they go. They are also tasked with identifying defecting merchants before they cancel their account. This group works on two types of merchant retention projects-proactive and reactive. Proactive projects include contacting merchants that may be at risk for attrition before they indicate they are planning to cancel their merchant agreements. Reactive projects include contacting merchants after they have made a request to cancel their merchant accounts.

When a merchant requests to cancel their account a "referral" should be sent to the retention unit. The retention unit will make every effort to retain the business or resolve any unresolved issue that the merchant may have. There are five areas within First Data that send referrals to retention: Customer Service, Help Desk, Security, Periodic Review, Merchant Activation (MAG), and Deployment. The sales area also refers merchants to the retention unit.

The retention unit has a variety of proactive programs. Check with your manager to find out which programs your sales office participates in.

8.1.5 Credit and Underwriting

Like all other organizations in the card issuing and acquiring business, we require Credit and Risk Management. This group ensures that our company's risk exposure

is kept to a minimum. We want good, solid business with low incidence of fraud, good "staying power" in the market place, and low chargeback rates, as well as low refund and chargeback rates. We outsource the underwriting, credit and Risk Management to specialized underwriting institutions. They take on all liabilities, so that you won't have to worry about merchant fraud or cardholder fraud and/or delinquency.

In FDMS, the primary Risk Management department that you will interact with is the Credit Initiation department. Other Risk Management departments within FDMS conduct ongoing security and credit monitoring of existing merchants.

The Credit Initiation department is comprised of credit officers divided into teams. Each team has a leader and several credit officers, and they are assigned to specific portfolios. The Credit Officers must be intimately familiar with the credit policies for the portfolio that he/she represents.

8.1.5.1 Industry Risk Classification

VISA and MasterCard require that all business types (grocery stores, restaurants, hotels) be assigned specific merchant category codes, or MCCs. These codes are a mechanism for determining the risk level of an account. The risk level is determined by historical chargebacks and credits (returns to the merchant) and the normal delivery timeframes for that industry.

Check with your manager about your alliance's credit policy. You should have a clear understanding of your alliance's risk category levels and you will become quite familiar with the terms: "low risk", "high risk", "restricted" Tier II", and "unacceptable business." The risk classification determines what supporting documentation or additional requirements must be obtained by the sales representative prior to submitting an application to Credit.

8.1.5.2 Credit Exception

For any exceptions to your alliance's Credit Policy, you have two options for submitting the account:

- You may submit a completed paper Credit Exception Form approved by your manager. This way, Credit Initiation will give you some direction as to whether or not the account will even be considered, prior to you going through all of the trouble of filling out paperwork for the merchant

8.1.5.3 Site Visits

The purpose of the client visitation is for you to inspect the merchant's premises to ensure that the company has the proper facilities, equipment, and inventory. In compliance with Association rules and regulations, the visitation questions are on the

merchant application form and is required for all new applicants.

If obtaining an outside/third party site survey by any one of the approved site survey vendors, you must submit the vendor copy report along with the merchant application package.

8.1.6 Sales Accountability

We not only expect Account Executives to qualify prospects and to sign new accounts using the utmost integrity but also to submit MPAs that reflect the correct merchant information. It is never acceptable to misrepresent merchant information or to inflate a merchant's sales volume to offer a better rate. It is our belief that Account Executives must be accountable for the businesses they submit for payment processing services.

Sales Accountability highlights problem accounts that were recently signed by an Account Executive. These problem accounts are identified by Credit/Risk Management because of misrepresented and/or omitted information on the contract concerning either the client. Accounts (including the Account Executive's name) that have been identified by Credit/Risk Management are posted on the "Problem Account/Risk Issues Sales Accountability Report". This report is distributed monthly to Executive Sales Directors, Sales Executives, District Sales Managers, Sales Support, Sales Training, Credit Officers and Human Resources.

A monthly meeting is conducted to discuss Sales Accountability issues. Representatives from Credit Initiation, Security/Fraud, Sales and Human Resources participate in these discussions. Each issue is presented and a decision is made regarding what type of action is appropriate. Disciplinary action usually includes one of the following:

- Additional training

- Verbal/Written Warning

- Termination of the Account Executive

Consistent offenders are noted and handled accordingly. Some of the top Sales Accountability issues are:

- Misrepresentation of point-of-sales merchant versus a mail order/telephone order merchant

- Misrepresentation of product or services sold by the merchant

- Site visit was not completed or facility description is misleading; when a site visit was required.

8.1.7 Telephone Listing

Since you know what these support groups do, you may be thinking great–but how do I reach them? Simply refer to the phone list on the following page. If you'd like to, cut it out and carry it with you.

8.1.8 When to Call

As an Account Executive, you should only be calling those departments that handle Account Executive inquiries. If you are not sure who to call for a particular question or issue, ask your Sales Manager or Sales Trainer.

At the same time, you should be educating your merchants about the groups they have for support. As you know, an educated merchant is a happy merchant,

8.2 Self Test

List the name(s) of the unites) that would handle each of the following inquiries:

1. An internet merchant has a question about his/her processing statement:

2. You have a general question about completing paperwork:

3. A merchant needs to re-schedule his/her over-the-phone terminal training:

4. You have a $2MM merchant who wants to integrate credit card acceptance into his/her cash register system:

5. A merchant is changing his/her business DDA:

6. You need to obtain a supply of contracts:

7. You are at a merchant location, and are experiencing difficulty downloading a terminal:

8. A merchant's integrated printer is not functioning properly:

9 The Cast of Characters

9.1 Electronic Payment Processing

The payment processing industry is an integral part of today's worldwide financial structure. It goes far beyond credit cards to include debit products, corporate cards, traveler's checks, store value cards, and electronic payment services such as home banking and electronic bill payment services.

These cards and related products are issued by a wide range of financial institutions, including commercial banks, credit unions, savings banks, and companies such as American Express, Discover. Even non-financial services companies such as Ford Motor Corp., and General Motors, and AT&T are now involved in the payment systems industry with very successful co-branded cards issued in partnership with VISA and MasterCard member financial institutions.

9.1.1 Evolution

The industry traces its roots back to 1914 when Western Union issued a metal plate to preferred customers allowing them to defer payment on purchases. During the first half of this century, a variety of other enterprises, such as hotels, department stores and oil companies also began to issue private label charge cards to their customers. In this type of closed system, the cards can only be used to purchase goods and services from the company that issued the card.

- 1914 - Western Union offers deferred payment

- 1950 – Diners Club Introduces the first T&E Card

- 1958 – American Express issues its own T&E Card

- 1958 – BankAmericard offers a revolving charge card

- 1966 – Interbank Card Assoc., now MasterCard was formed

- 1977 – BankAmericard officially becomes VISA

Unlike a closed system, the bankcard associations, VISA and MasterCard, do not directly issue cards or sign merchants. Instead, the Association license member financial institutions to issue cards and/or acquire merchant's sales drafts under the

association's brand name. This type of system is called an interchange system, because the Associations manage the transfer of transaction data and funds between the issuing and the acquiring members. This process is called "Interchange." Originally, Association members were required to issue cards and sign merchants. Today, many members are issuers only, some are acquirers only, and some members still maintain both cardholder and merchant relationships.

Let's identify all the players in the Electronic Payment Systems Industry.

9.1.2 The Associations

VISA and MasterCard are worldwide payment services organizations made up of member institutions. These member institutions are typically banks that issue the credit cards. VISA and MasterCard:

- Set and enforce rules governing their bankcards

- Maintain national and international authorization and settlement systems

- Conduct clearing and settlement processing

- Supervise processing activities

- Develop programs and products

- Both VISA and MasterCard charge assessments and fees to their member banks based on bankcard volumes of cardholder purchases. Much of the income generated is used to fund national advertising campaigns. Do these slogans sound familiar?
  "There are some things money can't buy. For everything else there's Mastercard."
  "VISA – It's everywhere you want to be," "... and they don't take American Express."

9.1.3 The Cardholder

A financial institution (issuer) offers a credit card application to a potential cardholder. The applicant is screened for creditworthiness and, if the application is approved, a credit card is issued. The applicant is now – a cardholder,

- The cardholder uses the card to purchase goods or services or obtain a cash advance. The cardholder then:

- Receives a monthly bill (statement) from the card issuer Pays the bill in full or maintains a balance on the account (revolving credit) Receives a finance charge on the unpaid balance.

9.1.4 The Issuer

The issuer is the cardholder's financial institution and:

- Is a licensed member of VISA and/or MasterCard Issues the card to the approved cardholder Receives and pays for transactions from VISA and/or MasterCard Bills and collects payment from the cardholder

- The issuer may also benefit from the services of a third-party processor and/or association in processing transactions and payments. These non-member organizations enable members to reduce their processing costs.

9.1.5 The Merchant

The merchant is any company meeting the qualification standards of VISA and/or MasterCard. Merchants:

- Must be financially responsible and of good reputation

- Sign a written agreement with the acquirer to accept cards as payment

- Include typical businesses, such as retail stores, restaurants, mail order companies, airlines, supermarketss, and hotels.

As a sales organization our customers are the merchants,

Of all the members of the "cast of characters" in the payment processing industry, the merchant is - by far – the most important from our perspective.

9.1.6 The Acquirer

The acquirer is a member of VISA/MasterCard that solicts, screens and accepts merchants into their program through various sales channels and:

- Accepts and processes merchant sales drafts

- Provides the merchant with card processing terminals, instructions and support services

- Handles and processes the card transactions

- Charges the merchant a discount rate or processing fee for handling the transaction

A federally insured financial institution responsible for connecting merchants to Visa Inc. and MasterCard Worldwide authorization and settlement systems. Also called an acquiring bank, merchant bank or sponsor bank. Acquirers and merchants are the two signatories to merchant agreements. Acquirers can be thrifts, banks or credit unions and/or processors. For example, First National Bank of Omaha is an acquirer

and a bank and Chase Paymentech is an acquirer, bank and processing network. To sell bankcard services, it is necessary to have a signed agreement with an acquirer or be part of an ISO that is sponsored by an acquirer.

Among other things, an acquirer deposits daily card totals to merchant accounts and debits monthly processing fees from those accounts. The acquiring bank must handle all funds, deposits and settlements with merchants. ISOs and other entities on the acquiring side of the bankcard business also refer to themselves informally as acquirers, as evidenced by several regional acquirers associations thriving throughout the United States, but strictly speaking, they are not acquirers.

An acquirer (or acquiring bank) is a member of a Card Association, for example MasterCard and/or Visa, which maintains merchant relationships and receives all bankcard transactions from the merchant. Acquirers charge the merchants fees which include: a percentage fee on their transactions (which varies from country to country, for example in Poland it ranges from 1.8% to 2.5%, regardless of whether the card is debit or credit, in USA and many Western Europe countries the fee is often much lower for debit card transactions, than for those with credit cards), and sometimes– especially in the countries where fees for debit card transactions are much lower–an additional fixed fee per transaction, which ranges from 10 to 20 cents).

In the USA, Visa/MasterCard acquirers, and therefore merchants, usually pay much less for a transaction in which the magnetic stripe on the reverse of the card has been successfully swiped through the magnetic stripe reader found in a credit card terminal. This is due to the inclusion of the information encoded into the stripe, which includes anti-fraud features. The fees for card transactions that are hand-keyed into the keypad of a card terminal or computer keyboard are higher, since this security information is absent from the transaction data. Debit transaction costs are usually just a flat rate (usually \$.60 to \$1.10 USD each) when the Personal Identitification Number (PIN) is entered by the cardholder. This type of transaction is referred to as "PIN debit." The merchant's terminal requires a PIN pad for this PIN entry. Often the PIN pad is a separate device connected to the terminal, other times the PIN pad is integrated in the machine. When a debit card is swiped through the magnetic stripe reader of a credit card terminal, but the PIN is not entered, the acquirer usually charges a rate comparable to the swiped credit card rate or less. Since Visa/MC charges acquires less for non-PIN debit cards, many acquirers charge less to the merchant. Typical rates are usually around 1.3% to 1.9% for non-PIN debits (offline Debit rate) and often 1.6% to 1.9% for credit card swipes. This type of debit transactions is referred to as "signature debit."

When properly handled by the merchant, these swiped transactions will qualify for the lowest available Interchange program from the card associations. This indicates all of the required criteria have been satisfied by the transaction to "qualify" for that program rate. For this reason, they are often referred to as "Qualified" transactions.

"Rewards" cards from the Associations–cards that provide the cardholder some premium for its use, such as air miles–even when swiped, often into the more expensive "Mid-Qualified" or even the most expensive "Non-Qualified" category. Handkeyed transactions usually have a much higher rate, often 2.3% to 2.8% for these transactions. Many processors will charge the lower rate on all transactions on their monthly merchant statements, then show the "add on" for the handkeyed and other more costly transactions. Often this 'add on' is 1-1.3%. These transactions are often referred to as Mid-Qualified. The highest rate (Non-Qualified transactions) is for corporate cards, foreign cards, downgraded transactions (when the merchant does not meet all of the requirements), and higher-level Rewards-type cards. This Non-Qual rate is typically at least 3.0%, and sometimes as high as 5.0%

In a credit card transaction, the acquirer is the entity that receives an authorization request from its merchant accepting the card as a form of payment and forwards it through various "authorization networks" to the Issuing Bank ("Issuer"). The Issuer determines whether to approve or decline the sale, since they are the entity actually extending credit to its cardholder. Examples of acquirer/processors.

- Bank of America

- Chase-Paymentech

- Elavon

- First Data

- First National Bank of Omaha

- Global Payments Inc

- Moneris Solutions

- Royal Bank of Scotland (RBS Worldpay)

- Streamline

- Wells Fargo

9.1.7 Independent Sales Organization (ISO)

Independent Sales Organization (ISO), also called a Member Service Provider (MSP) is an outside company (not a MasterCard or Visa member) that is contracted by a member bank (each member bank may be a member of Visa or MasterCard, or both) to procure new merchant relationships for the specific bank. They usually sign up the merchant and explain the terms and rates of a credit card merchant account or cardholder relationship. After signing up, the ISO either submits the paperwork to an acquirer for underwriting or underwrites the account internally. After the merchant

is approved, a Processor is then used to actually process the merchant's transactions. In many cases, the ISO is also responsible for providing ongoing customer service after the merchant has been boarded. Technical support or terminal support is generally provided by the Processor, Payment Gateway, or the individual software or hardware vendor providing the payment acceptance device. ISOs generally recruit Merchant Level Salespeople (MLS) to go out and solicit merchants. MLS are mostly 1099 independent contractors who work for ongoing monthly residuals for the accounts they sign up forn the ISO.

Some familiar ISO's in the industry

- Heartland Payment Systems

- Pivitol Payments

- North American Bankcard

- Total Merchant Services

- Capital Payments

- Newtek

- EVO

9.1.8 The Payment Processor

Credit card processing, more accurately known as payment processing, involves several main parties – the issuer, the cardholder, the merchant, the acquirer (clearing bank) and often a third-party processor who works in concert with the acquirer, Third party processors handle the processing for the issuer, the acquirer, and the merchant. Many financial institutions don't do their own bankcard processing. It's more cost effective to let a third party processor to invest the equipment and the people to do it for them.

These third party processors provide merchants with hundreds of services and products, and earn revenue either per transaction or per product. It works something like this. . .

- Merchants – submit their card transactions to third party processors, the acquiring processor.

- Processor – pays the merchant for the VISA and MasterCard transactions it processes, stripping off other card types, routing them directly to American Exress, Discover, etc.

- Processor – sorts the VISA/MasterCard transactions by card type and sends them through interchange (interchange is the clearing house managed by the associations).

- Interchange sorts the information by *BIN/ICA number and sends it on to the Issuing Bank

- Issuing Banks – bill the cardholders

- Cardholders receive the charges on their monthly statements.

- Processor debits the merchant accounts for Interchange fees and assessments (Discount Rate).

- Merchants are informed of the fees and assessments on their statement.

9.1.9 Debit/ATM Networks

9.1.10 Payment Processing Gateways

9.1.11 POS Systems Manufacturers

9.1.12 VARS (Value added resellers)

9.1.13 Software Developers

More to follow. . .

Now that you know the who, what, when and where of payment processing. We'll learn more about the procedures and methods for submitting credit card transactions for payment in the following section, "Payment Processing".

*BIN = Bank Identification Number (VISA)

*ICA = Interbank Card Association (MasterCard)

9.2 ATM Processing

9.3 ACH Processing

9.4 Electronic Check Processing

9.5 Lending

9.6 Payroll

9.7 Investment Services

10 Merchant Services

A category of financial services intended for use by businesses. In its most specific use, it usually refers to the service that enables a business to accept a transaction payment by use of the customer's credit or debit card. The credit and debit card payment industry is an integral part of today's worldwide financial infrastructure. Most purchases of goods and services are made by payment cards. In fact everytime you walk in to a supermarket and pay for groceries with a credit or debit card, or pay at the pump when filling up at a gas station, or buying movies or music online, you are utilizing the credit card/debit card processing system. This system requires a massive amount data to be exchanged between the merchant, the processing network, the card association and ultimately the cardholder's bank. This exchange of transaction data between acquiring and issuing institutions is called interchange.

10.1 Electronic Payment Processing

We assist in the movement of sales tickets from merchant locations back to thousands of institutions who issue MasterCard and VISA cards. We also process proprietary cards such as American Express/Optima, Diners Club/Carte Blanche, Discover/Novus, and JCB.

Credit cards are just one means of paying for goods or services. There are travel and entertainment (T&E) cards, debit cards, smart cards, stored value cards, ATM cards, purchasing cards, checks and - lest we forget - cash,

Most everyone carries some form of plastic today. If you open your wallet or purse right now, wouldn't you find at least one card - maybe even more than one card? You use your card(s) frequently, perhaps daily. You hand it to a clerk or cashier, they slide (swipe) it through a slot in a terminal or cash register, you wait a few seconds and, voila, Instant credit, You sign a receipt and off you go.

Using the card for purchases seems incredibly easy. But have you ever been curious about what goes on behind the scenes? Are you familiar with the merchant's obligations and expectations? Do you get the feeling we're going to tell you?

10.1.1 Acceptance

At the point of sale, when you offer your card as payment, the card must be carefully examined to see whether it is a legitimate and valid card.

- The name of the card (VISA/MasterCard) and the card issuer (e.g., ABC Bank, General Motors, etc.) should appear in bold letters on the card.

- The effective date (valid from) and expiration date (valid until) are located on the face of each card. The sale date must fallon or between these dates.

- The signature panel must not have been disfigured or tampered with. The valid signature on the card must be compared favorably with the signature on the sales slip.

10.1.2 Suspect Transactions

If the appearance of the card being presented or the behavior of the person presenting the card is suspicious in nature, the merchant must contact his or her Voice Authorization Center immediately.

If the instructions given by the Voice Authorization Center's Code 10 Operator are not followed at the time of the transaction, the merchant may be subject to a chargeback and the merchant's account may be debited for the amount of the transaction.

Note: A chargeback is a dispute procedure (error, fraudulent transaction, expired card, etc.) initiated by the institution that issued the card. It may stem from a cardholder questioning a transaction or from a processing error on the part of the merchant. It can begin with a request for a media retrieval whereby the merchant must produce the signed receipt - but a chargeback means the merchant's checking account was debited the sales amount.

10.1.3 Authorizations

All transactions must be authorized via terminal, cash register, Voice Authorization Center, or automated Voice Response Unit (VRU). Failure to authorize a sale transaction may result in a chargeback. How do you get that authorization?

- the card's issuer is called

- the cardholder's account information is retrieved

- if the cardholder has sufficient credit remaining on their credit line (referred to as their "open to buy"), the transaction is approved and authorized

- if the cardholder doesn't have sufficient credit, the transaction may be declined

If the sale is declined, merchants are instructed to request another form of payment. If the merchant accepts and processes a transaction that was declined, or if they attempt multi-transactions and/or multi-authorizations, they are subject to a chargeback.

There is a third possible response other than "Approval" or "Decline." Occasionally, the message "Referral" or "Call Center" is received. Picture this ... You're on a long line at your favorite star-e. You finally get to the register and the clerk attempts to process the transaction. She turns and says to you, "It wasn't approved. I got a message. It says I have to call them." The woman behind you sighs and rolls her eyes. You get very busy searching your pockets for chewing gum, a mint... anything to make the moment pass ... fast, You think, "I did pay my bill, didn't I?" Well, don't despair. A referral can happen for one of several reasons. For example:

- when a new card has not been officially activated

- if the card has been used many times in one day (called high velocity usage)

- if you're near or exceeding your credit limit

Each card issuer determines when the "red flag" is raised.

10.1.4 Completion of Sales Slips

You probably know that a completed sales slip must indicate the price you are being charged and your signature, but did you know it must also contain all of the following information?

- clear imprint of the card (if card was not mag stripe read)

- last 4 digits of the cardholder's account number

- cardholder's signature

- date of transaction

- amount of transaction

- valid authorization code

- description of the goods or services

- merchant's doing-business-as (DBA) name/location

If the merchant uses an electronic device (terminal and printer or cash register), and swipes the card, there is no need to imprint the card. If the card's magnetic stripe cannot be read, the card must be imprinted to prove it was present at the time of the transaction - also known as key entering a card number.

10.1.5 Submission, Deposit & Settlement

In order to qualify for the most favorable pricing available, all sales and credit slips must be properly completed and submitted daily. Late submission of sales/credit slips by the merchant may result in chargebacks.

If the merchant deposits via magnetic tape or terminal, batches of transactions must be transmitted (settled) by a specific cut-off time in order to be processed on the date of transmission. First Data provides funding for VISA and MasterCard and, occasionally, Diners Club, JCB and private label transactions. We do not fund merchants for American Express or Discover transactions.

10.1.6 Media Retention

Sales drafts - thousands, millions, no, billions of sales drafts. What happens to them? You get a copy but the merchant keeps the original with your signature. Where do they go from there?

Merchants who prefer to retain images or legible copies of their sales and credit slips must keep them for a minimum of eighteen months from the date of each transaction. Those merchants are responsible for the retrieval and fulfillment of all requested slips within the timeframes as outlined in their Merchant Processing Agreement.

10.1.7 Chargebacks

The word chargeback has been mentioned at least three times earlier in this chapter. Are you familiar with the term? Read on and you will be,
A chargeback is a transaction that is returned by the card issuer to a merchant's acquirer bank because of a dispute, processing or Point-of-sale error, or fraudulent transaction. In many cases, the acquirer bank will then return the transaction to the merchant.

Most of the time, chargebacks are caused by improper procedures at the point of sale. Since merchants can control how they handle transactions at the point of sale, they are the first lines of defense against chargebacks.

If a chargeback occurs, the merchant may lose the dollar amount of the transaction being charged back and the related merchandise. They also incur their own internal cost to research the chargeback. So, doing things right and paying attention to a few small, but important details can make a big difference in their level of customer service and profitability.A cardholder has the right to question or dispute a transaction. In many cases, before a chargeback is initiated, the card-issuing bank

requests a copy of the sales slip via a "Media Request" or "Retrieval."

If First Data holds the copies of the sales slips (media), we respond to the issuing bank. If the merchant retains the media, they must respond to the media retrieval requests with a clear and complete transaction document within the required time frames.

The merchant is responsible for all chargebacks and related costs arising from transactions. The merchant's account may be debited in the event First Data is required to pay bankcard Association fees, charges, fines, penalties or other assessments as a consequence of their sales activities.

10.1.7.1 The ten most common chargebacks merchants incur are:

1. Failure of merchant to respond to a retrieval request. ,

2. Cardhol~er was billed more than once for the same transaction.

3. Cardholder denies making or authorizing a transaction.

4. Merchant fails to follow correct procedures (getting an imprint/swipe and signature) In completing the sales slip at the polnt-of-sale.

5. Account numbers don't match.

6. A credit or refund was not properly processed.

7. Failure to obtain proper authorization.

8. A card was used either before or after its valid date.

9. Merchandise or service not received by cardholder.

10. Cardholder disputes quality of merchandise or services.

The Chargeback Defense System also reduces waiting time for dispute resolution. Some of the many benefits of the Chargeback Defense System include:

- claims automatically checked against VISA and MasterCard rules for legitimacy expert analysis reviews authorization logs and checks for duplicate chargebacks

- all relevant materials archived in an optical file for immediate retrievalf eliminating paper-handling errors

- an experienced chargeback specialist investigates a case when necessary and provides resolution based on data supplied

- a chargeback representative can assist with chargeback resolution at point of contact

In an effort to minimize credit card fraud and reduce chargebacks - that ultimately lead to higher costs and risk for all parties within our industry - the VISA and MasterCard Associations have developed several programs, referred to as Association Compliance. Regulations, merchant monitoring programs and reports have been developed to track merchant sales transaction deposit activity.

10.1.8 Merchant Regulations

10.1.9 Doing Business with the Government

Often, when we think of doing business with the government we think of the U.S. Postal Service, or perhaps even the Internal Revenue Service. What we do not realize is that governmental entities can be encountered on a more local level. Take, for example, the pro shop located at the local public golf course operated by the town. An Account Executive could think that this merchant has a lucrative business in a prime area. Let's set him up,

What the AE may not realize is that the pro shop is actually owned and operated by the town or operates under the supervision of the town government (his business is located on town property). As a result there are added guidelines, risks and costs that must be evaluated prior to making an agreement.

Regardless of whether a relationship with the government is direct or indirect, anyone who provides services or products paid for by the government may be subject to special requirements. This includes business done with smaller cities and counties. As such, there can be additional risks and costs associated with all public contracting, be it federal, state or local. Doing business with governmental agencies requires a closer look at the various laws, regulations and policies that may affect our ability to provide the services requested. As a result, you must be very careful and professional when entering into - or even proposing - a relationship with a government entity. Some of the business risks may include:

- Complex Regulations Government Audit Rights

- Requirements regarding personnel, facilities and systems

- Bid and Performance Bonds

- Fines and Penalties for non-performance

- Corporate Officer Certifications

If the contractor fails to comply, the ramifications are substantial potential assessment of penalties, sanctions and allegations of contract fraud,

Therefore, any proposal to do business with a governmental entity, regardless of

whether it is federal, state or local, must be approved by management. You must consult with your sales management to ensure all necessary approvals are received PRIOR to submitting a response to a Request for Proposal or finalization of an agreement or contract. Any government contract containing non-standard provisions must be carefully tracked throughout the contract term.

10.1.10 What is a Request For Proposal (RFP)?

An RFP is a tool used by governments and businesses to purchase equipment and services by promoting competitive proposals among vendors.

Through this competitive process vendors offer a wide array of potential solutions and prices and compete with each other to win the business. Buyers evaluate the many different vendor solutions and pick the one that most closely fits their needs and budget.

Writing a response to an RFP is a very resource-and-timeintensive activity. The RFP process must be thorough and must be allotted the proper amount of resources and time. Most important, all RFP responses to a corporate or government RFP - federal, state or local - must be submitted to and approved as outlined in the FDMS' approval policy. You must consult with your sales management to ensure all necessary approvals are received PRIOR to submitting a response to a Request for Proposal or finalization of an agreement or contract.

Now that you understand what is involved in doing business with government entities and large corporations, here are a few examples of government entities and large corporations and potential transactions for certain entities:

Large Corporations

- Companies with over 500 employees

- Companies with revenues over 500 million $USD

- Publicly traded corporations

Federal Government Entities:

- Departments

- Agencies

- Commissions

- Armed Forces

- Armed Forces service organizations

States, Counties, Cities & Other Municipalities (Towns, Villages, Boroughs, etc.)

- Agencies

- Bureaus

- Departments

- Commissions

- Treasurer's Offices

- Boards

- Authorities

Recreation Districts

- Municipal Golf Courses: Greens Fees

- Municipal Swimming Pools: Entrance Fees and Season Passes

- Municipal Recreation Centers: Class fees or Sports League expenses

- Marinas: Berthing fees

Education

- Public Universities, Colleges and Community Colleges (State, County, City, etc.):

- Tuition and Books

- Public Schools and School Districts (High Schools, Middle and Junior High Schools, Elementary Schools, Alumni and other Auxiliary organizations such as the PTA): Activity Fees, School Lunches

Health

- Public Hospitals: Payment for services or medical bills

Legal

- Courts: Payment of fines or court costs

Utilities

- Water and Sanitation Districts: Water Usage fees, Sewer fees, Garbage Collection fees

- Public Utility Districts: Monthly utility charges

10.2 Interchange

Interchange is broadly defined as the exchange of transaction data between acquiring and issuing institutions. Interchange Fees are used in the payment card industry to describe a fee that a merchant's bank (the "acquiring bank") pays a customer's bank (the "issuing bank") when merchants accept cards using card networks such as Visa and MasterCard for purchases. In a credit card transaction, the card-issuing bank in a payment transaction deducts the interchange fee from the amount it pays the acquiring bank that handles a credit or debit card transaction for a merchant. The acquiring bank then pays the merchant the amount of the transaction minus both the interchange fee and an additional, usually smaller fee for the acquiring bank or ISO, which is often referred to as a discount rate. These fees are set by the credit card associations, and are by far the largest component of the various fees that banks deduct from merchants' credit card sales, representing 70% to 90% of these fees. Interchange fees have a complex pricing structure, which is based on the card brand, the type of credit or debit card, the type and size of the accepting merchant, and the type of transaction (e.g. online, in-store, phone order). Further complicating the rates schedules, interchange fees are typically a flat fee plus a percentage of the total purchase price (including taxes). In the United States, the fee averages approximately 2% of transaction value.

10.2.1 Understanding risk and underwriting

There are many risks that are inherent in the credit/debit card payment industry. These risks are mitigated by charging fees to the cardholder (i.e interest, late fees, annual fees etc.) and to the merchant (i.e card processing fees, service fees etc.) So in summary the two parties that benefit from using the card payment system, the cardholder and the merchant, are the ones essentially paying for it.

10.2.1.1 Card Issuing Risks

- **Charge-Off** - The credit card industry is based on loaning money to cardholders in the form of credit which can be used at merchants to purchase goods and services and cash advances. The card issuing bank establishes a credit limit based on the credit worthiness. However the loans are insecured, which means that the cardholder doesn't have to put up collateral. If the cardholder doesn't pay their credit card bill, the issuing bank will take the loss. When a consumer becomes severely delinquent on a debt (often at the point of six months without payment), the creditor may declare the debt to be a charge-off. It will then be listed as such on the debtor's credit bureau reports (Equifax, for instance, lists "R9" in the "status" column to denote a charge-off.) The item will include relevant dates, and the amount of the bad debt.

- **Fraud** - In relative numbers the values lost in bank card fraud are minor, on average of about 7 cents per 100 dollars worth of transactions (7 basis points).

When a card is stolen, or an unauthorized duplicate made, most card issuers will refund some or all of the charges that the customer has received for things they did not buy. These refunds will, in some cases, be at the expense of the merchant, especially in mail order cases where the merchant cannot claim sight of the card.

10.2.1.2 Card Acquiring Risks

- Merchant Fraud - Merchant fraud can occur when a merchant charges a cardholder's card but doesn't deliver any product or service or doesn't deliver the product or service promised. When the cardholder calls his/her credit card company to dispute this fraudalent transaction and they win the dispute, then the merchant's checking account is debited for that amount. The cardholder's account is credited back by the processor/acquirer. The merchant's bank account is then debited that amount, but if the merchant intentionally emptied out their bank account after receiving the credit card deposits from the fraudalent card transactions, then the processor/acquirier and/or the organization that underwrote the merchant account will take the loss.

- Merchant delinquency - The merchant doesn't keep sufficient balances to cover all the credit card processing fees. For example monthly service fees and/or interchange fees.

- Cardholder Fraud - The merchant is a victim of fraudalent card holder transactions. This might occur when stolen credit cards are used or when a cardholder denies making a trans

10.2.2 Understanding Interchange
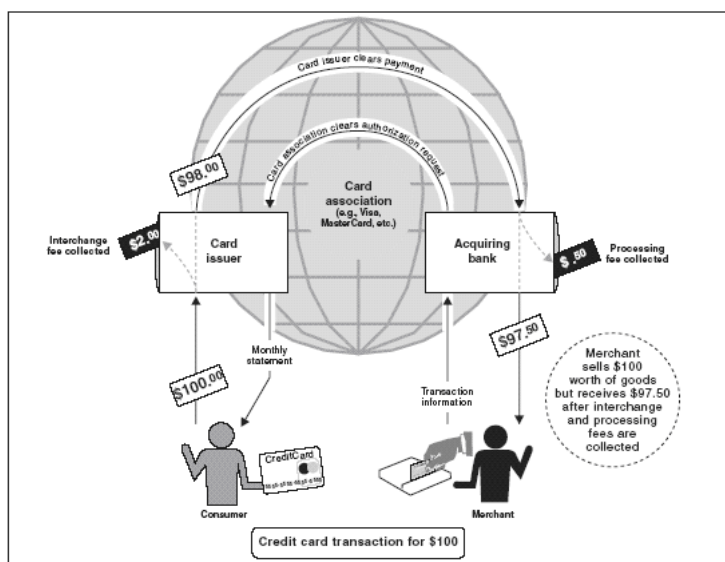
10.2.2.1 Visa

10.2.2.2 Mastercard

10.2.2.3 Discover

10.2.2.4 AMEX

10.2.2.5 Debit Networks

10.3 The Merchant Statement

Each month (or week) a merchant receives a statement indicating the sales and credit activity, billing information, discount fee and chargebacks occurring for that period. Here are some important features of the Merchant Services Statement on a First Data platform:

- A - Processor Name

- B - Customer Service's phone number for any questions regarding the statement.

- C - The time period covered by the statement.

- D - The company name (including store number If applicable) and address.

- E - The client (merchant account) number.

- F - Deposit activity for statement period including reference number, description and dollar amount.

- G - Discount and fee activity for statement period including reference number, description and dollar amount.

- H - The total net activity for all: Submitted Deposits (sales less credits), Discounts and Adjustments, Chargebacks and Reversals

- I - The funding date, reference number, description, and $ amount of each transfer to/from the business checking account.

- J - This selection provides recaps of sales, credits, and average ticket by card type for this processing period.

Here are some important features of the Merchant Services Statement on the Fisrt Data Omaha Network:

1. Merchant statement mailing address

2. Key information including merchant number, the statement period, and the bank accounts into which we deposit merchant's money and deduct fees.

3. The customer service phone number for any statement questions you may have,

4. The address of the outlet for this statement

5. The Funding Summary is the core of the statement and brings merchant's deposited batches, deductions and checking account deposits into one colsolidated report.

6. The Deposit Summary columns provide summary information on merchant's deposit activity by day.

7. The Financial Summary columns provide the fees and adjustments to merchant's deposit account due to Chargebacks, Chargeback Reversals, Interchange and Assessment Fees, Discount, Other Fees and Financial Adjustments.

8. The Date Funded is the date that Merchant Services submitted merchant's desposit(s) to be funded to merchant's financial institution.

9. The Net Amount Submitted is the net dollar amount of merchants batch deposits for the day.

10. The Net Amount Funded indicates the dollar amount of deposits that were available to be funded by Merchant Services.

11. The To be Funded by 3rd Party indicates the deposits that Merchant Services accepted and passed on to another agency for separate transfers into merchant's bank account; for example, American Express and Discover.

12. The Net Amount Transferred is the net dollar amount that was deposited into or deducted from your account by your financial institution.

10.3.1 Sample Merchant Statements

10.3.2 Self Test

1. This critical step in the transaction process is, in most cases, a promise of payment to the merchant.

2. Without this organization's involvement in the transaction cycle, the process would be complex, costly, and time-consuming for everyone involved.

3. If the merchant gets this response to an authorization request the merchant may request an alternative means of payment.

4. This method of completing a transaction eliminates the need for a paper sales draft.

5. This person must be contacted if the person presenting the card acts suspiciously.

6. This industry participant is the first line of defense in the war against credit card fraud.

7. This action should always be performed by the merchant, regardless of which authorization or transaction processi ng method is used.

8. The issuer checks this account data to ensure that sufficient credit or funds are available for the transaction.

9. This process provides the issuer with a means of returning a disputed transaction to the acquirer.

10. This tool promotes competitive proposals between vendors and is used by governments and large corporations to purchase equipment and services.

Here's a description of a typical bankcard transaction. Fill in the blanks with the appropriate word from the answer column. Note: An answer word may be used more than once. Select from the following answers:

- acquirer

- authorization

- interchange

- issuer

- merchants

- POS terminal

- sales draft

- settlement

- signature

- valid

1. John Jones in New York receives a letter from Bountiful Bank in Boston inviting him to apply for a VISA credit card. After approving his application, Bountiful Bank sends John a Bountiful VISA card. Bountiful Bank is the

   _____

2. The Bountiful VISA card (or MasterCard issued by another institution) is accepted by thousands of _____ in towns and cities across the country. A restaurant that accepts VISA and MasterCard is the Cozy Cafe in Chicago.

3. In order to accept VISA (and MasterCard) transactions, the Cozy Cafe has entered into an arrangement with Third Bank, its local bank in Chicago. Third Bank has agreed to process the sales drafts the Cozy Cafe receives from bankcard customers. Before accepting Cozy Cafe into its VISA program, one of the steps the bank takes is to check that the business meets the qualification standards set by VISA and MasterCard. Third Bank is the _____

4. John eats lunch at the Cozy Cafe when he is in Chicago on vacation, and pays the $100 check with his Bountiful Bank VISA card. Before accepting his VISA payment, the Cozy Cafe must make sure the card is _____ (has not been reported lost or stolen) and must obtain _____ (permission to charge the account).

5. The cashier at the Cozy Cafe swipes John Jones' VISA card through the magnetic stripe reader on the _____, and enters the amount of the charge. The transaction is sent electronically and within seconds, the information is forwarded to Bountiful Bank. As the _____, Bountiful Bank has the authority to approve or decline the charge to John Jones' account.

6. After obtaining an authorization code through the terminal, indicating that the charge to the account is approved, the terminal's printer creates a _____ and obtains John's _____. At the end of the day, the Cozy Cafe settles all the transactions in the terminal's batch.

7. To settle payment for the $100 charge on John Jones' VISA card, VISA debits the account of the _____ for $100 less the interchange fee and credits the account of the _____ for that amount.

8. The Cozy Cafe receives payment from the _____ VISA sends information about the transaction to the _____ so that it can post the charge to John Jones' VISA account. The entire process in which information and data are exchanged between the acquirer and issuer is called _____

10.4 Introduction to Pricing

Basis Points, Interchange, Discount Rates. Non-Qualification Fees. Billbacks, Sounds like a foreign language, doesn't it?

Welcome to the world of payment processing pricing,

Just as they would for any other product or service, our customers will pay a series of fees for the processing services our organization provides. For those of you

who are new to the industry, this chapter will require a good deal of study. If you master the concepts now, however, you will be on the fast track to success.

10.4.1 A Quick Review

Before we jump into pricing's critical components, let's review some terminology covered earlier in this manual:

- The Issuer (the organization or bank who initiates and maintains a cardholder relationship) is a licensed member of the VISA or MasterCard Assocation who:

- Issues the card to the approved cardholder Receives and pays for transactions from Visa or MasterCard Bills and collects from the cardholder

10.4.1.1 The acquirer

- Accepts the merchant's sales drafts

- Provides the merchant with credit card authorization terminals, instructions and contracted support services

- Handles and processes the credit card transactions

- Charges the merchant a discount rate or processing fee for handling the transaction

- Now that you're comfortable with the issuer and acquirer terms, we can plunge into pricing.

10.4.2 What is a Discount Rate?

Merchants are charged a fee fo the processing services that enable them to accept cards as payment. This fee, called the "merchant discount" or "discount rate," is negotiated with each merchant during the sales process.The discount rate is usually a percentage of the merchant's sales volume. Generally, your sales organization sets a discount rate that covers their processing costs, interchange fees paid the issuer (by far the largest component), assessment fees paid to the associations, and a reasonable profit margin.

Many merchants may ask why it's called a discount. Afterall it doesn't seem much like a discount when the merchant has to pay a percentage of the sale amount. The reason it's called a discount rate is because the term originated in the financing industry, where a merchant would sell its accounts receivable to a financing company in order to get paid immediately instead of waiting 30, 60 or even 90 days to get paid by the merchant's customer. Obviously the finance company needs to charge a fee for paying the merchant the invoice amount immediately. This fee was subtracted from

the total invoice amount in the form of a rate. The merchant would receive the discounted amount instead of the total invoice amount, thus it was called a discount rate.

Let's talk about each of those components in a little more detail:

10.4.2.1 Processing Costs

There are a number of different expenses your sales organization incurs in initiating and maintaining a merchant account including:

- Sales expenses (MPA's, legal forms, email system, voicemail system, business cards etc.)

- Network Communication Costs (a per transaction fee that is charged by the processing network to the sales organization)

- Data entry and backoffice account maintenance

- Customer Helpdesk and Terminal Helpdesk

- Commissions paid out to referral partners and sales representatives

- Merchant set-up and installation (welcome kits, terminal programming and shipping)

- Ongoing services (merchant statements, chargeback defense, supplies)

- Data Center Operations

- Interchange

- Assessments

10.4.2.2 Interchange Process

Interchange refers to the function of the associations, which enables members (issuers and acquirers) to exchange bankcard transaction data and funds on a standardized basis.

To explain it more simply, just think about a retailer who accepts 50 credit cards transactions per day. Those cards may have been issued by as many as 20-30 issuers, The merchant needs to get funded for the day's credit card sales, and at the same time, the 50 cardholder's credit card accounts have to be charged for the amount of their purchases. This involves a massive exchange of data, and that is precisely what the interchange system is all about.

Let's walk through a basic credit card transaction to ensure you understand the interchange mechanism completely:

1

A Cardholder purchases goods or services from a merchant, and presents a bankcard as payment

Goods or Services

Card for Payment

Merchant
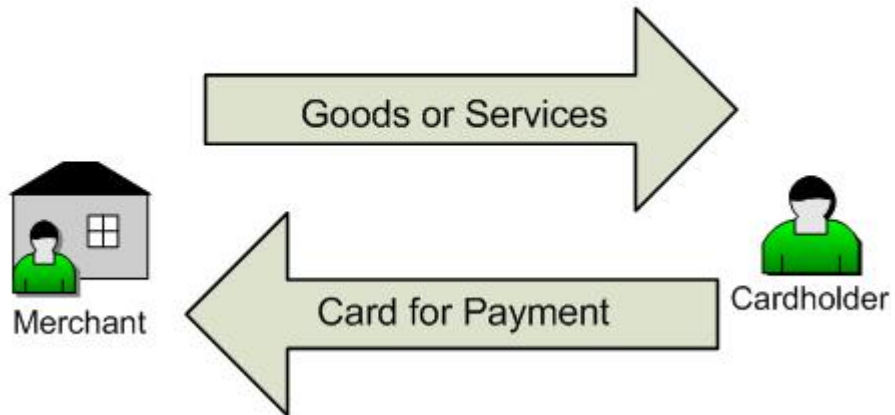
Cardholder

2

The Merchant requests authorization from the issuer (usually via the point of sale terminal) to complete the transaction. If the transaction is approved, the merchant provides a sales draft for the cardholder to sign.

Authorization Request

Merchant

Authorization Response

Processor Network

Authorization Response

Authorization Request

Authorization Response

Card Association Networks

MasterCard   VISA   DISCOVER   AMER
BankNet   Visa@Net   FINANCIAL SERVICES   EXP

Issuing Banks

Authorization Request
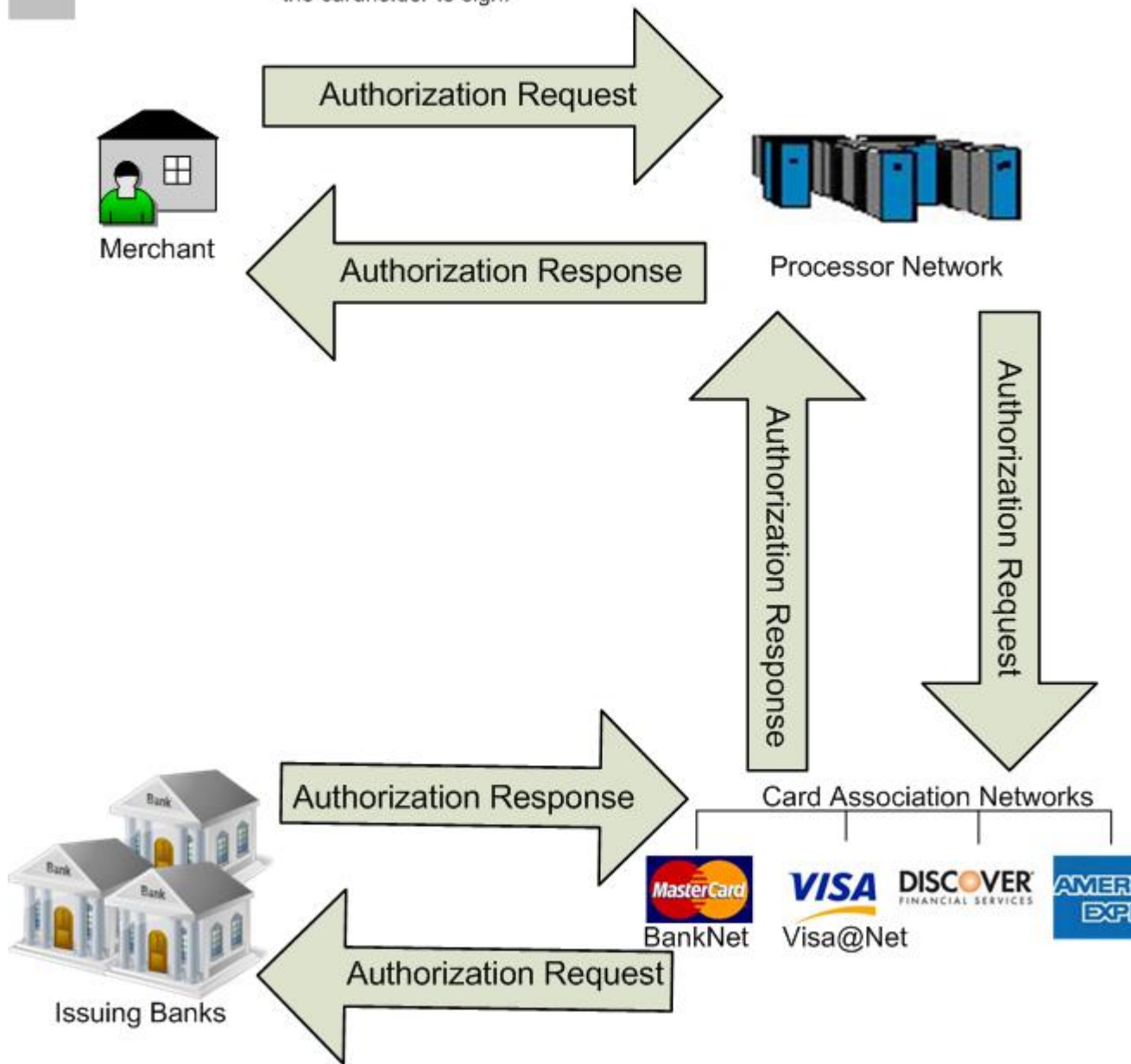
3

The merchant submits this batch of authorized transactions to the processor. This is called settlement or close out

Settlement

Merchant

Settlement Response
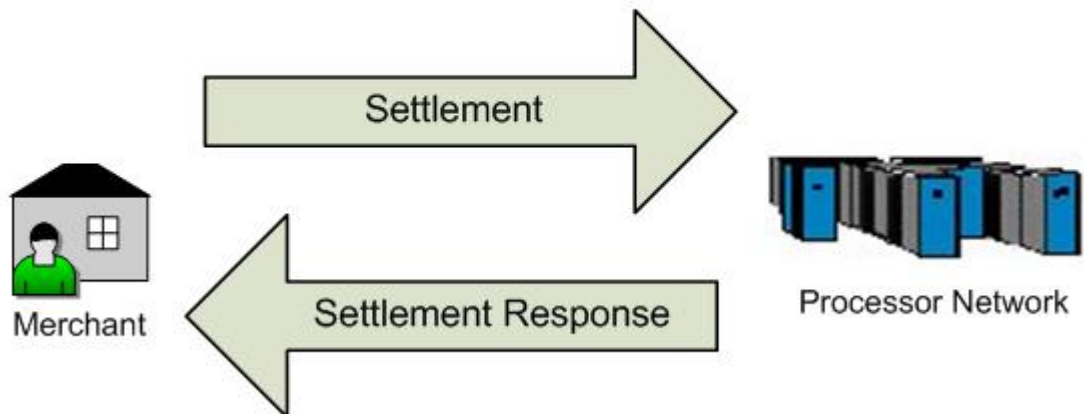
Processor Network

4   The processing network sends the settlement data to the appropriate association (VISA or MasterCard) who will then pass it on to the appropriate issuer.

Processor Network

Settlement Data

Settlement Network/Acquirer

Settlement Data

Card Association Networks

MasterCard BankNet   VISA Visa@Net   DISCOVER FINANCIAL SERVICES   AMER EXP

Debit Request

Issuing Banks
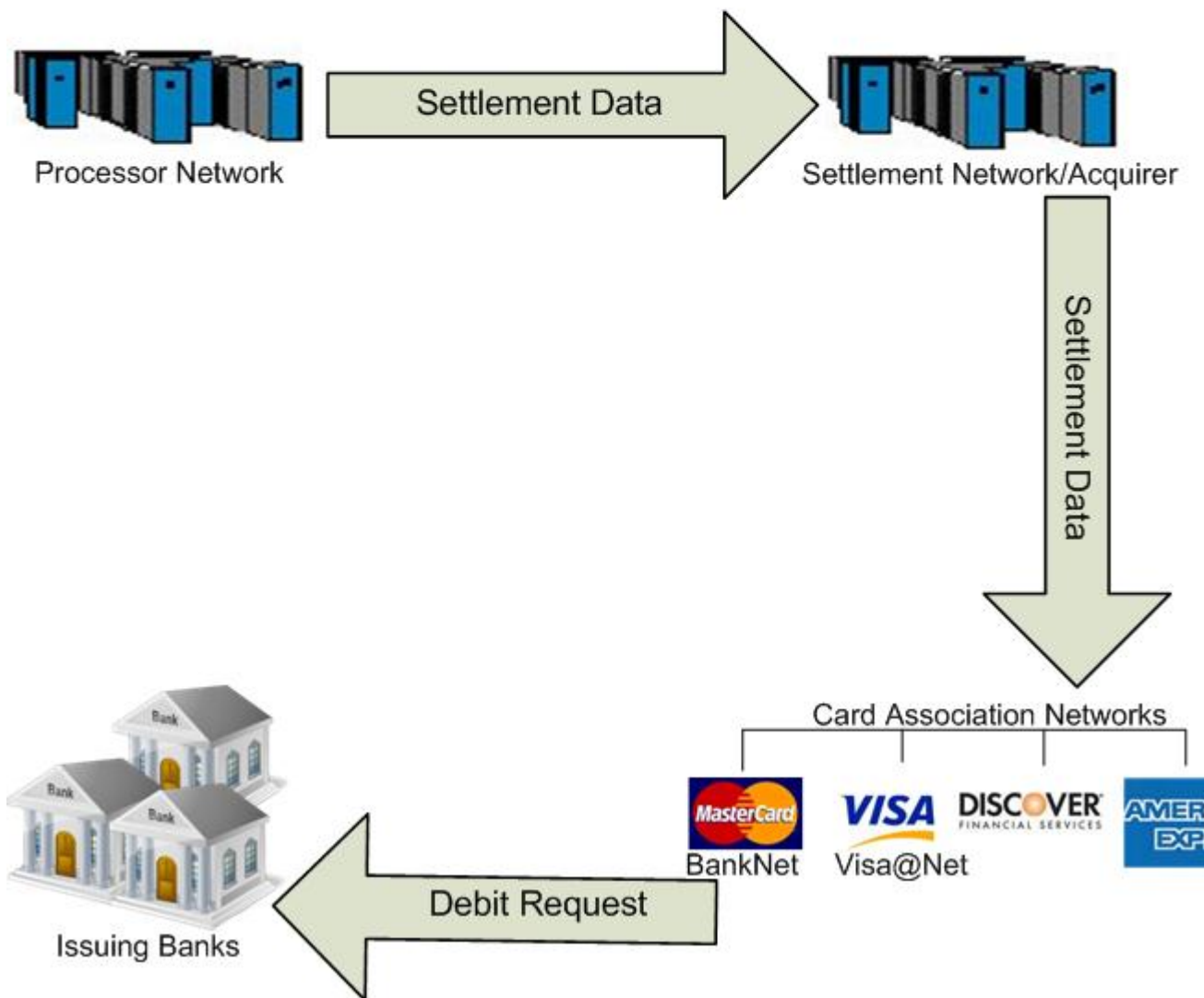
5 The Association debits the issuer for the amount of the transactions minus the interchange fee due, and credits the acquiring processor for the amount of the transactions minus the interchange fee. The acquiring processor has now been paid, and the issuer holds the transaction. The Association has provided the mechanism for the exchange
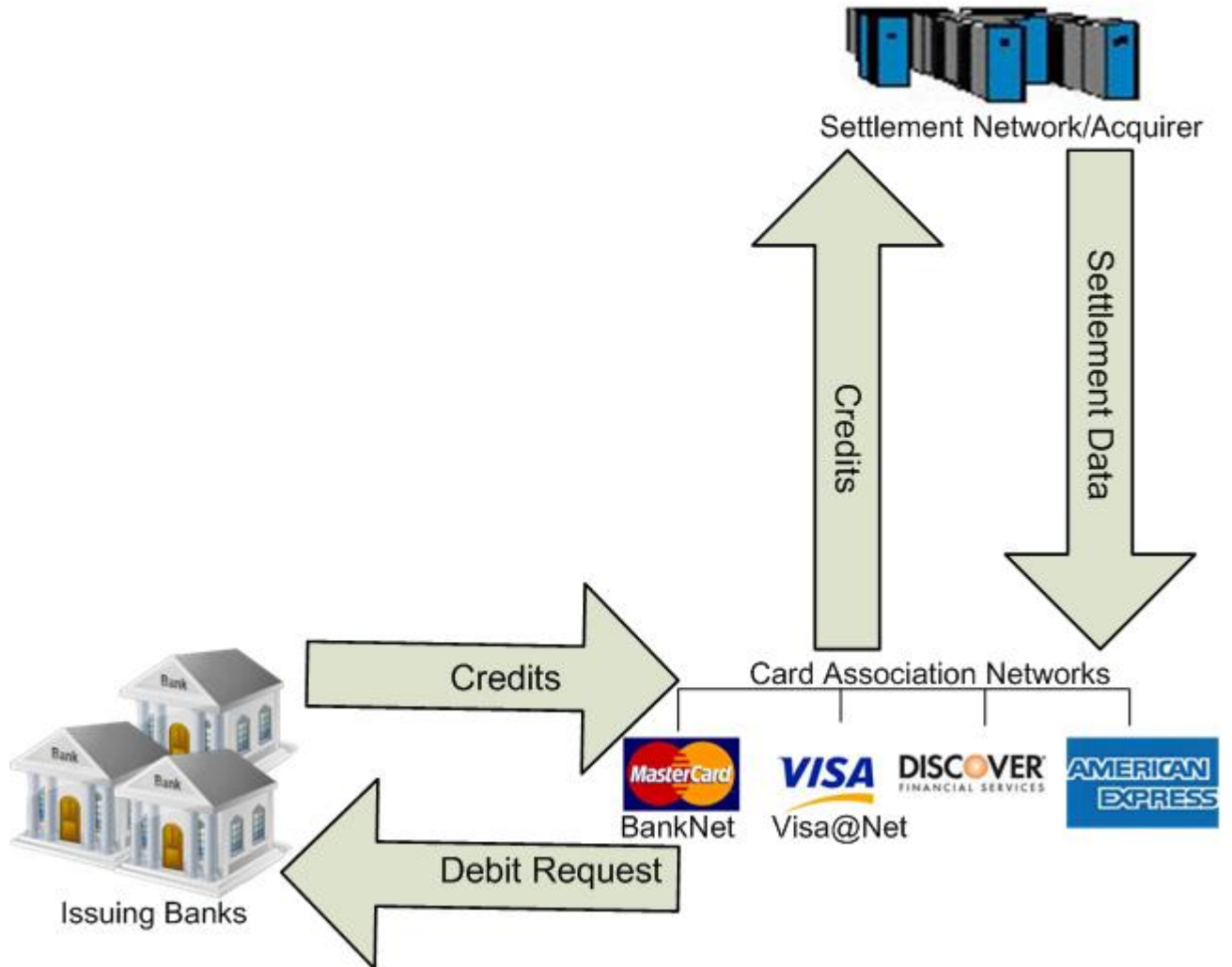
6 The acquiring processor credits the merchant checking account for the amount of the transaction usually within 24-48 hours of settlement with the Association

Merchant's Bank Account

Deposits

Settlement Network/Acquirer

Credits

Settlement Data

Card Association Networks

MasterCard
BankNet

VISA
Visa@Net

DISCOVER
FINANCIAL SERVICES

AMERICAN EXPRESS

Credits

Debit Request

Issuing Banks
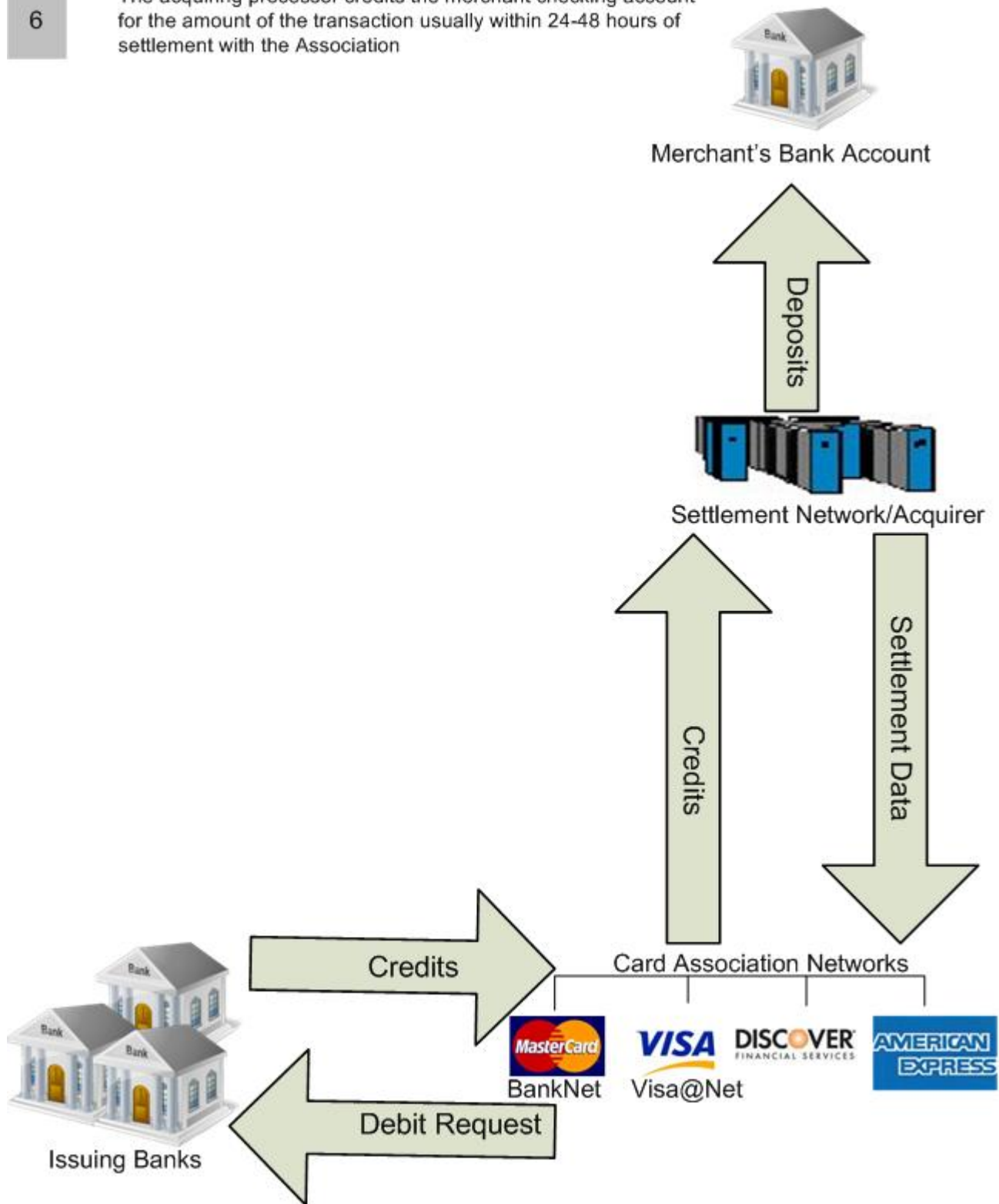
The issuer posts the transaction to the cardholder's account. At the end of the cardholder's billing cycle, a statement is sent to the cardholder showing the transaction. The cardholder pays the issuer a full, partial, or minimum payment.
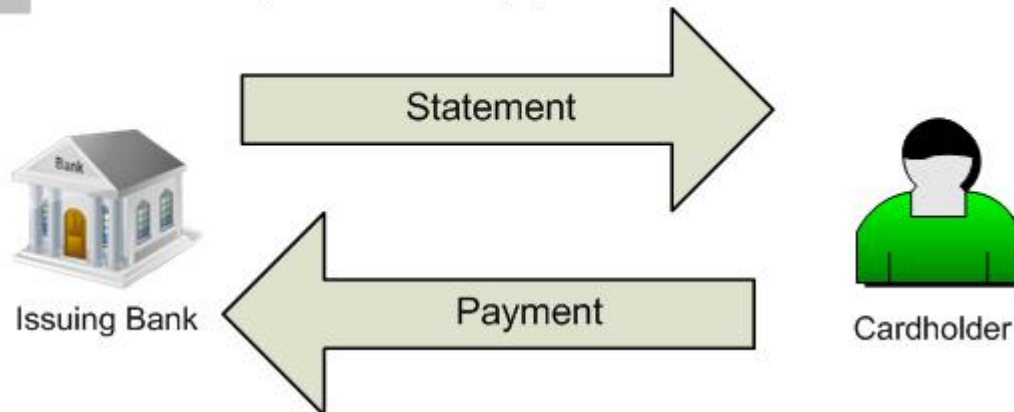
At regular intervals, the acquiring processor sends a statement to the merchant detailing the discount rate deductions and any applicable fees
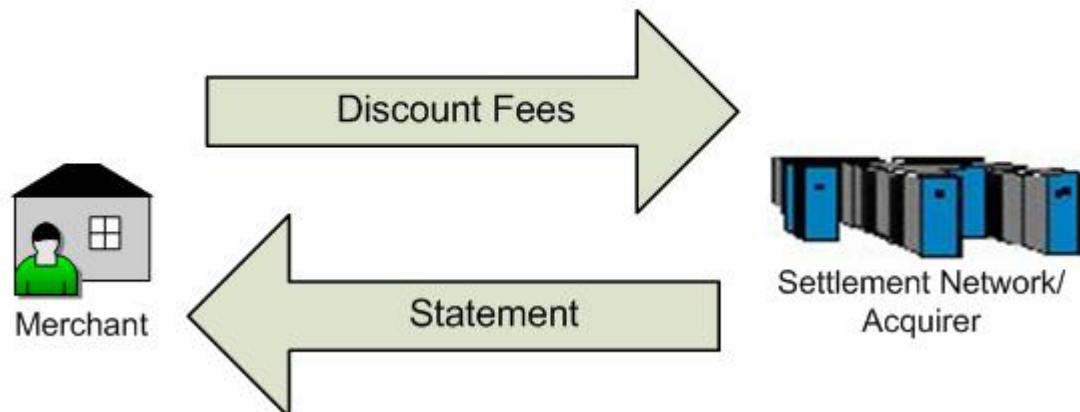
This complex process is certainly not free. VISA and MasterCard charge fees, also known as interchange rates, for processing transactions. These interchange rates may be modified from year to year, usually in the Spring or the Fall. The rates are established in tiers. Each tier assumes every transaction will conform to certain qualifications. Usually, the more stringent the criteria, the better the rate. You can find the most recent interchange rates on Visa's website http://usa.visa.com/download/merchants/october-2009-visa-usa-interchange-rate-sheet.pdf and MasterCard website http://www.mastercard.com/us/merchant/pdf/MasterCard_Interchange_Rates_and_Criteria.pdf

10.4.3 Pricing Methods

10.4.3.1 Billbacks/Downgrades aka ERR (Enhanced Recover Reduced)

By not meeting a single criterion in any one of the rate categories, a transaction will automatically be downgraded to another interchange category. Let's take a qual-

ification from CPS Retail (VISA) and Merit III (MasterCard) - "card present swiped"

If the credit card's magenetic stripe cannot be read because it is defective, the best VISA and MasterCard retail interchange rates the merchant can qualify for drops to "*Key Entry*". Let's compare the Interchange rates - <u>currently in effect</u> - for *swiped vs key entered.*

Card Type	Swiped	Keyed	Difference
VISA	1.54% + .10/txn	1.85% + .10/txn	add'tl .31%
MasterCard	1.54% + .10/txn	1.90% + .10/txn	add'tl .36%

Since your average low risk retail merchant is always given the benefit of the CPS Retail/Merit III rate up-front, if they had to key enter a transaction, the associations automatically bill us the higher rate. To get that difference in interchange back, we have to bill the merchant the addtional fee. These transactions are known as "downgrades" or "billbacks."

In the scenario above the merchant incurred additional fees because the card was key entered when the merchant was set up for CPS Retail/Merit III. This is known as a "negative downgrade". An enhanced billback occurs when an additional charge is billed to the merchant on a negative downgrade to make a profit on that additional fee.

Basically, a downgrade or billback occurs when a transaction does not meet all of the criteria applicable to the interchange level at which the merchant account was priced. Downgrades or billbacks appear on the merchant's monthly statement. Now, let's address the two remaining components of a discount rate - Assessments and Profit Margin.

10.4.3.2 Assessments

Assessment rates are set by the VISA and MasterCard Associations. Assessments are fees which members and member processors (like us) pay to VISA and MasterCard on a quarterly basis to support marketing and operating activities. Assessment costs are passed on to merchants.

The current VISA assessment is .095% of the gross sales volume while MasterCard's assessment is .095%

10.4.3.3 Profit Margin

The Profit Margin represents rates charged minus our expenses - in essence, our bottom line profit. It's what we're in business for,

Now that you've mastered the components of a merchant's discount rate - Processing

Costs, Interchange, Assessments, and Profit - we are ready to move on to other topics in the world of pricing,

10.4.3.4 ERR example

Basically, an easy way to think about ERR is as follows:

- A. Charge the qualified rate.

- B. Subtract whatever interchange category you hit (i.e. EIRF credit).

- C. Charge the difference between the interchange category you hit (step B) and the "should of" rate (i.e. the CPS retail rate of 1.54%).

- D. Charge your ERR surcharge %.

- E. Determine your profit on a particular sale.

On a $300 sale, that would look like this:

- A. $300 x 1.69% = $5.07

- B. $300 x 2.30% + $0.10 = -$7.00

- C. $300 x ((2.30% + $0.10) - (1.54% + $0.10)) = $2.28

- D. $300 x 1.00% = $3.00

- E. A - B + C + D = $3.35 profit on the sale

The profit actually comes to around 1.12%. You have to take into account you billed 1.69% plus 0.76% plus 1% (3.45%) and still had an expense of 2.30% + $0.10 for the interchange, or an effective rate of 2.33%.

3.45% - 2.33% = your 1.12% profit

10.4.4 Basis Points

Basis Points is a financial term that you will hear quite often. Just think of it this way:

A Basis Point = .0001 or .01%

How are Basis Points calculated, you ask? It goes like this:

Example: A client, who processes $100,000 in credit card sales annually, requests that one of their service fees which runs about $200 per year, be bundled into the rate. How many basis points would have to be added?

$$\frac{Annual.Cost}{Annual.Sales.Volume} = \text{Basis Points}$$

$$\frac{\$200}{\$100,000} = .0020 \text{ or 20 Basis Points}$$

Normally, the addition of basis pOints for bundling in extra fees will take place through sales management or Pricing. But, we think it's important that you understand the concept, so let's work on another example.

Here's another way of calculating basis pOints using a fee per transaction and an average ticket.

Calculating Basis Poinh Based On A Transaction fee

Example: A client whose MasterCard and VISA authorization and capture fees are currently unbundled (or separate from the discount rate) at $.10, would like to know how much his rate will increase if they are bundled (or included in the discount rate). His average ticket is $50.

$$\frac{Fee.Per.Transaction}{Average.Ticket} = \text{Basis Points}$$

$$\frac{\$.10/per.transaction}{\$50} = .0020 \text{ or 20 Basis Points}$$

Some or all of your discount rate grids have bundled rates (meaning the authorization and capture fees for a given transaction are built into the discount rate) so this example may not apply to you. We want you to understand how it's done, nonetheless.

These types of calculations may seem a bit obscure to you right now, but they will be very helpful to you when comparing our rates against a competitor's. Let's try a simple scenario:

ABC merchant is processing with your sales office at a discount rate of 2.55%. ABC processes $200,000 in bankcard volume annually, with an average ticket of $40. All authorization and capture fees are included in the rate. ABC is also charged a monthly statement fee of $5.00.

A competitor of your sales office has offered ABC a discount rate of 2.35%. Additionally, they will be paying $.10 per transaction for authorization and capture plus an annual maintenance fee of $140.

To make a valid comparison between your sales office's pricing and the competitor's, you will need to put your calculations into play and determine the "effective rates" or fully loaded rates under each scenario.

Your Sales Office's Pricing First

1. Start with the discount rate of 2.55% and put it into basis points format = .0255

2. Next, convert the monthly statement fee into basis points:

3. $5 per month x 12 months per year = $60 annually

4. To convert annual dollars into basis paints you must divide by the annual bankcard volume

5. $60/$200,000 = 3 basis points or .0003

6. Add the original discount to the fee basis points = .0255 + .0003 = .0258

7. Your sales office's effective, or fully loaded, rate is 2.58%

We will look at the Competitor's Proposal

1. Start with the discount rate of 2.35% and put it into basis points format = .0235

2. Next, convert the transaction fee into basis points:

3. To convert a per transaction fee into basis points, you need simply divide the transaction amount by the average ticket

4. $.10 per transaction/$40 average ticket = 25 basis points or .0025

5. Now, convert the annual maintenance fee into basis points: $140 annually

6. To convert annual dollars into basis points you must divide by the annual bankcard volume

7. $140/$200,000 = 7 basis points or .0007

8. Add the original discount rate to the fees in basis paints = .0235 + .0025 + .0007 = .0267

9. The competitor's effective, or fully loaded rate is 2.67%

It turns out that your sales office's pricing is preferable to the competitor's,

This example proves that you can never compare discount rates alone. Rather, you need to evaluate the effective rates for each scenario. Then, and only then, are you comparing apples to apples. You'll find a cost comparison sheet on the following page. This sheet will help you compare rates and easily identify the effective rates.

10.4.5 Self Test

1. Describe the components of a discount rate .

2. What is an effective rate?

3. What is Interchange and why is it important?

4. What is a downgraded transaction?

5. When performing a competitive pricing analysis on an account, why can't you simply use the discount rates?

6. You've just gotten a verbal agreement from XYZ Company to open a merchant processin(j account. XYZ processes $150,000 in bankcards per year with a $75 average ticket. You've checked your rate grid and determined the appropriate discount rate is 2.10%. The only other fee your merchant will pay is a $150 annual membership fee.

7. A competitor approaches XYZ and offers them a 1.90% discount rate along with a $15.00 monthly statement fee and $.15 per transaction. XYZ calls you immediately to tell you they've received a better offer. Whose rate is more competitive? Please use your Cost Comparison Sheet to show your work.

10.5 Completing Paper Work

It is essential that you understand the requirements for completing the Merchant Processing Application (MPA) and its addenda. Since we use this application to set up the merchant profile on our system, it is critical that the MPA is accurately completed.

The paperwork plays an imperative role in getting the merchant set up correctly-filling out the MPA correctly is a vital element of the process. Keep the following four elements in mind when completing the MPA, to ensure you complete the paperwork correctly.

- Be as accurate as possible

- Be as thorough as possible Print neatly - never in script

- Submit all of your paperwork in a timely manner - try don't hold onto your MPA for more thna 2 business days

When you do it right the first time, your merchant can be set up in two to three business days. The process of getting the merchant set up correctly begins with you,

Let's walk through the paper process of a new merchant from the time the contract is signed until the merchant is active on our system. Once again, the accuracy,

thoroughness, neatness and timeliness of the Merchant Processing Application will determine how quickly and how efficiently your new merchant account is set up.

The following terminology is used to describe a new account's status as it moves through the process.

Fatal

A new account package that cannot continue past Quality Control (e.g. will not be keyed nor reviewed by Credit) because it is missing critical information or the information supplied is incorrect.

Reject:

A new account package keyed to credit's Merchant Account Initiation (MAl) system that is missing one of the mandatory fields, or a new account package for which Credit Initiation requires additional information.

Approval

A new account accepted by Credit Initiation to process with the sales office you represent.

Decline

A new account turned down by Credit Initiation due to the poor credit history of the owners or risky nature of the business.

Appeal

A process whereby an Account Executive may dispute a decline decision made by Credit Initiation. The Account Executive must provide documentation to prove the merchant's credit worthiness.

10.5.1 New Account Flow

This flow is for merchants you will be signing via a paper contract.

The Account Executive closes a sale with the merchant, completes the necessary documents, and gets the appropriate Sig,nature(s). The merchant is given their eopy of the merchant Processing Agreement, the Program Guide, and any other applicable documents.The Account Executive reviews the MPA Quality Checklist for each account submitted. TheAccount Executive reviews the checklist to verify that he/she has provided all of the required information in the appropriate sections of the paperwork.

The Account Executive forwards the MPA and associated documents to their Office Administrator. The Office Administrator, in turn, reviews the paperwork for accuracy and thoroughness. If acceptable, the Office Administrator will forward the

complete package to Quality Control. After Quality Control reviews each document, it is submitted to Account Implementation Services (AIS) to be keyed. From there, it is electronically sent to Credit Initiation via MAI.

After an account is approved, the new equipment is delivered to the merchant or, in the case of merchant owned equipment, the existing equipment is reprogrammed.

Commission is paid to the Account Executive based upon approval. See your sales office Account Executive Commission Plan for details .

10.5.2 Client Classifications

10.5.2.1 New Business

A new account is defined as any entity that is not currently transacting business within your sales office portfolio and which does not qualify as an additional outlet.

10.5.2.2 Existing Business

10.5.2.3 Non-Acceptor

10.5.2.4 Multiple Outlets

This refers to a new account which comes on board with more than one location. You will need to submit an MPA for the lead outlet and a Multiple Location Form for each of the other locations.

In the case of a multi-location merchant, where one location is low risk and another is high, you must designate the high risk account as the lead account.

For example, a merchant who conducts some business via point of sale and other business via mail/telephone order should have the mail/telephone location as the lead account. The retail location should be written up on a Multiple Location form with a separate fee addendum attached.

Example: If you are submitting paperwork for "Suzy's Shoes'~ a merchant with both a Mail/Telephone Order/Internet (MCC 5964) and retail (MCC 5661) business, the locations should be tied together. It is acceptable for merchants to have two different average tickets and bankcard volumes for each location as well as two separate discount rates for each industry and be linked together.

In this scenario, your paperwork must consist of the following:

- MPA and Service Fee Schedule completed with details about the mail order/Internet outlet

- Credit Addendum

- Multiple Location Form completed for the retail outlet

- Additional Service Fee Addendum including rates and fees pertaining to the retail outlet

- All other required documentation (e.g. checks, financials, ESA applications, etc.)

10.5.2.5 Additional Outlet

If an existing business opens another outlet, you must tie the new outlet to the existing merchant number. An additional outlet is defined as a new merchant location that is part of a corporation, proprietorship or partnership currently in your sales office's portfolio of accounts. Requirements for additional outlets include:

- The legal name must remain identical to the entity presently in your sales office's portfolio with the exception of corporations where the Legal name does not have to be the same, however, the signer must be the same.

- Principals, owners and/or officers must be identical to the entity in your sales office's portfolio.

- The federal tax ID mayor may not be the same for each outlet.

- The average ticket and the bankcard sales volume for each outlet do not have to match.

- The MCC codes do not have to be the same.

10.5.2.6 Sample Paperwork

10.5.2.7 Self Test

1. List four critical elements when completing your new account paperwork.

2. What is the difference between a fatal and a decline?

3. What documents, at minimum, must be left with a new merchant?

4. What are the three client classifications?

5. What paperwork is required for a merchant with \$2MM in bankcard volume and four locations (all with the same legal name)?

6. Who should supply you with your sales office's Perfect Paperwork?

10.6 Sample filled-out paper work

10.7 Sales Solutions

Although Perl Merchant nor First Data is not a household name, people around the world come in contact with our employees almost every day. To see this in action, you don't need to go any further than your neighborhood grocery store. Stand in front of the check-out counter and watch how their customers pay. Do they use credit cards? We could beprocessing for them. Do they use debit cards? EBT cards? Stored value cards? Purchase cards? Checks? To paraphrase the Staples ad, "Yeah - we do that!" and even more!

From point-of-sale terminals to the Internet, we are an industry leader in providing a full range of processing services to its clients. These start with card transaction authorization and capture, settlement, chargeback handling, reconciliation and reporting, and extend to advanced processing and information access solutions for special needs.

The major portion of card processing is done by electronic draft capture terminals. In today's terminal world, VeriFone continues to be a leader in developing terminal solutions. Other companies, such as Hypercom and LinkPoint, have also made significant contributions and continue to capture market share.

The FDC/Alliance partnerships provide their retail, restaurant, and lodging merchants with VeriFone or Hypercom terminals. Each terminal is programmed with a proprietary, industry-specific and network-specific application. Customer-owned terminals can be programmed to process via our FDMS 6000 (previously known as CARDnet) or Nashville platforms.

Your sales office will provide you with a current Terminal Preferred Product Matrix with terminal features that you can use when determining which product is best for your merchant. The Product Matrix is updated quarterly and can be found on the product website, FDMS.com - this is a general listing of products and does not pertain to sales office specific information.

You'll be learning more about our terminal product line with hands-on training provided by your manager. Your comfort level will be reinforced while you are in Hagerstown, at the Merchant Sales Academy.

10.7.1 Electronic Draft Capture

EDC is a system where every payment card (credit, debit, etc.) transaction is routed to a network host computer for processing and, possibly, storing. Transactions can also be stored at the terminal where they are used to create settlement files and

transaction reports.

EDC is available in three flavors, each having very distinct advantages and disadvantages - host based, terminal based (on FDMS 6000), and interactive (Nashville)
.

- the terminal is simply a device that interacts with the host computer, i.e., it doesn't store data - it just relays the transaction information to our main processing computer

- transactions are then captured and held at the host computer

- terminal parameters can be changed remotely

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- the terminal sends transactions to the host computer for authorizations

- the transaction data is then captured and stored in the terminal

- at end of day, the terminal's batch is transmitted to the host for funding

- downloads are done manually when terminals require re-programming

mmff=~~

- the terminal sends transactions to the host

- computer for authorizations

- the transaction data is then captured in both the terminal and at the host

- offline transactions (transactions that don't require an authorization, such as refunds, voids, etc., are piggy-backed onto the next online transaction)

- at end of day, data transmitted from the terminal to the host is the amount funded

- terminal parameters can be changed remotely

10.7.2 Advantages/Disadvantages

10.7.2.1 Host Based

- no limit on batch capacity

- costly, charged for each transaction

10.7.2.2 Terminal Based

- has a 99.96% uptime

- limited batch capacity

10.7.2.3 Interactive

- has the advantages of both host and terminal-based systems

- batch capacity is driven by the terminal

10.7.3 Networks

Networks are electronic vehicles used to transmit payment card transactions. A simple (and brief) explanation of how they work is:

- a card is swiped through the card reader of a terminal or cash register: the terminal dials out for authorization

- the network establishes communication betweer the terminal, the host (central computer) and the issuer

- the issuer routes the response (approved/declined) to the host via the network

- network transmits the response to the point of sale (terminal or cash register)

First Data Merchant Services has proprietary platforms commonly known as the "North and South" platforms, Buypas and Omaha. You should note, the North platform includes two networks - Nashville and FDMS 6000 (CARDnet). Each has similarities and differences. This means we can customize the merchant's terminal exactly the way they want it. First Data Corporation has additional platforms used by Agent Banks.

If a merchant wants to process debit transactions, have their terminal password protected, have receipts print out a customized message - no problem! We are able to satisfy their needs with either network.

When a merchant requests a product or program feature one of our networks cannot fulfill, since we don't want to lose the merchant as a customer, we will attempt to find a solution with an independent card processing network (also known as a "third party network)."'

Third party networks are not First Data networks. Used selectively by each sales office bank, the names of a few third party networks include VisaNet, Global Payment Systems (formerly NDC and MAPP) and Paymentech.

At day's end, the third party network transmits a file containing the merchant's transaction data to FDMS 6000. This allows the merchant to call our Customer Service area for any questions about their account. We also handle the merchant's statements and other back office tasks (deposits, reconciliation, supplies).

10.7.4 Information Systems

In today's dynamic economy, having the right information at your disposal can often be the difference between simply doing business and truly succeeding.

10.7.4.1 MyMerchantView.net

MyMerchantView is an internet-based product designed specifically for merchants who want greater control over their financial activity. Once logged on, they can interact with a large database of information. If they need batch or cardholder detail, they simply select a date range. If they need a list of checking account transfers or a list of chargebacks or media retrieval requests, a click of the mouse will do the trick!

Since financial reconciliation is an important task, MyMerchantView has simplified and streamlined the process for the merchant. It is now possible to perform the same financial tasks 80% faster than by using a paper outlet statement. With MyMerchantView, the merchant is able to reconcile funds on the same day they are transferred to the merchant's business checking account.

MyMerchantView reduces the amount of time it takes a merchant to manage all aspects of payment processing and increases overall financial control compared to the:

- Outlet Statement

- Charge back Debit Advice

- Funding Notification Form ... and all other traditional paper reports combined.

10.7.4.2 eIDS

(Electronic Interface Dispute SystemSM) is a state-of-the-art interactive frontend, web-based merchant tool for sales dispute management. This web-based dispute system allows the transfer of chargeback and retrieval information between the merchant and FDMS to assist in the resolution and education of disputes. eIDS:

- Provides the merchant with the ability to make informed decisions regarding disputes

- Enables merchants to view and respond to retrievals and chargebacks on a secure website.

- Speeds up sales dispute management - it becomes faster, easier and requires less support (resources). Postage and/or telecom expenses are reduced. This results in enriched electronic transfer of chargeback and retrieval information between merchant and processor via the web and automated sales disputes for systemic work prioritization and improved ability for merchant's to manage risk.

10.7.5 Advanced Solutions

We are more than just terminals. While we do offer terminal options to meet a merchant's price and performance requirements, we also offer state-of-the-art solutions - a range of hardware and software solutions that provide merchants with flexible alternatives.

We have product services - TeleCheck check acceptance, debit services, purchasing card solutions, stored value card services, information products - and Internet products.

As personal computers became a more affordable business tool, software vendors began to produce turnkey credit card software solutions targeted at smaller businesses. Software products such as Your Pay and IC Verify are sold by FDMS to support merchants in the Retail, MO/TO or B2B environment. These products help form some of the market solutions for recurring payment merchants too.

10.7.6 YourPay

The YourPay product suite enables merchants of all types to accept payments over the Internet. There are three different ways to use the YourPay service:

- YourPay.com for retail, MO/TO, and limited e-commerce; plus two options for ecommerce web sites: YourPay Connect and YourPay API. The YourPay.com service allows retail, MO/TO, and merchants who accept orders via e-mail to key in payments by logging into a highsecure Web-based service. Using this service, merchants get the equivalent of a pOint-of-sale terminal, without all the hassles of maintenance or upgrades. The YourPay.com service includes compreshensive reporting, fraud protection, customization and administrative features.

- The YourPay Connect e-commerce solution is a quick and easy way for merchants to accept secure payments on their web sites. It offers merchants fast web site payments with quick and easy setup, and is most useful for small Web sites that offer only a few products or services. The YourPay Connect service virtually eliminates the programming and security headaches normally associated with e-commerce web sites.

The YourPay Connect product comes with the YourPay.com service so merchants have all the advantages of the reporting, administrative, and fraud protection features, as well as the virtual POS terminal for the occasional manually keyed order.

- YourPay API is a full-featured commerce solution for the merchant who needs a custom commerce solution. Building and maintaining a commerce-enabled web site can be a challenge, so the YourPay API service takes care of all the payment processing behind the scenes. Merchants can make their web sites as simple or complex as they need, without having to worry about re-building for changes in credit card association rules.

- Shopping Carts are also available for e-commerce merchants who want prebuilt shopping cart functionality on their web sites. Professionals test each 3rd_ party cart to ensure proper integration with YourPay Connect or YourPay API, so your merchants know they're getting a solution that works.

10.7.7 ICVERIFY

ICVERIFY is an Electronic Draft Capture (EDC) software that performs all the functions of a terminal with the flexibility and power of a personal computer. It enables merchants to accept credit cards, check cards and ATM/debit cards. All major credit cards are supported by the software including:

- Purchase cards, commercial cards and business/corporate cards

- Online debit

- Private Label Cards

- Check Verification and Guarantee

10.7.8 VARS/IPOS

Sensing an opportunity in the making, along came Value Added Resellers (VARs), otherwise known as Integrated Point of Sale (IPOS) vendors.

VARs have developed applications that work in almost any industry you can name. From gas stations (pay-at-the-pump), to supermarket applications, VARs have developed both hardware and software solutions to suit any business.

VARs have made the most significant impact in the restaurant, lodging, and retail industries. Restaurant Management Systems and Property Management Systems (PMS) have become an integral part of today's restaurant and lodging environments - tying the functionality of touchscreens, reservations systems, and other management tools into transaction processing. You may run into some of the following VARs in the restaurant field:

- Aloha

- PosiTouch

- Squirrel

- Micros

Today, First Data has certified a multitude of VARs and continues to add more as products and/or revisions become available. You should form relationships with at least two or three VARS located within your area as quickly as possible. You may begin to bump into the popular VARS at the merchants you are calling on. Take the time to get to know your VARS, as these relationships will become valuable resources and help you achieve your goals. Check out your local telephone book under electronic cash registers; you may notice listings for Panasonic, Sony, and NCR. Why not give them a call and introduce yourself, as these VARS are sure to bring you great opportunities.

An Account Executive who gets four to six deals a month from VARs once said:

"Another great networking partner for me has been the VARS. With one company in particular, I work with four people. One person does restaurants, another retail, another sells the phones and PC systems and still another does all the installations. Also, the accounts I have referred to me by the VARs are generally higher in volume."

10.7.9 Self Test

1. Briefly describe how a network is used to process payment card transactions.

2. Explain the difference between host based, interactive and terminal based networks.

3. Why would MyMerchantView be a selling feature for your merchants?

4. What advanced solutions do we offer merchants who prefer a PC-based application?

5. Of the terminals we offer, which one do you prefer and why?

11 Selling Skills

Selling used to be selling. But in the last five years, there have been dramatic changes - very dramatic changes,

A few decades ago, salespeople were taught they should talk fast and dominate the conversation. The fear was the prospect might ask a question they couldn't answer, says famed sales coach Zig Ziglar, author of two hit books on how to sell. "We now understand we must probe not as a prosecuting attorney, but as a concerned individual who wants to become an assisting buyer."

Hard sell or soft sell, the role of sales hasn't disappeared. Far from it, There are 15.5 million salespeople out there, according to government data. That's about 12% of the workforce - a percentage held steady for at least 15 years. However, the salesperson's role is undergoing a radical shift.

11.1 Salesperson of the 21st Century

At the heart of the change is a transformation of the salesperson, from job description to gender (nearly half of today's sales force is female, up from less than 35% female 25 years ago).

"It used to be we got five different proposals (to pitch a product) and they were all the same and we would pick one/' says Patrick Egan, vice president of Pfizer. "Now proposals are customized." Mass customization is the paradigm of the 21st century just as mass production was the paradigm of the 20th century, experts say.

Today's sales reps are plugged in - to headquarters and their customers. They're walking electronic wonders, virtual offices of laptop computers, cell phones and pagers. But just as technology has made their job easier, it also has created obstacles. Salespeople must contend with phone mail, e-mail and stressed-out prospective buyers who no longer have the time or the blessing of their boss to conduct business over an afternoon of golf or a three-martini lunch.

11.2 The Middleman's Demise

What has changed is the customer. Today the customer is much more knowledgeable, through the Internet and other sources. The customer has a tremendous amount of

information available.

Here's how some of the new or transformed ways of selling are working:

11.3 Consultative Selling

Historically, most selling was transaction-based - the one-time sale of a good or product without regard to a buyer's future needs or overall corporate vision. Volume was power and it didn't matter who you sold to as long as you kept selling.

But transaction-based selling has gone from 90% or more of all sales down to 65%, and the percentage is expected to continue declining sharply. Today we do much more of a consultative sale and we're looking really to figure out what the critical business processes are and how we can add value. It's much more than just selling a box,

11.4 Indirect Sellling

In the mid-80s, mainframe computer giant IBM had a sales force 400,000 strong. Today, it's been reduced to 275,000. And it's not just smaller: 15% of the sales force never leaves the office because they're involved in so-called indirect selling, calling smaller customers on the phone to pitch products and take orders. Indirect selling is one of the biggest growth areas in sales as companies grapple with the ever-rising expense of sending people out into the field. A decade ago, IBM's salespeople did not do indirect selling.

You will be introduced to the Business Development Process, our own sales skills training program. The Business Development Process was developed in conjunction with many experts and veterans in the financial industry. This program will ensure that you are a salesperson of the 21st century, Here's a sneak preview:

Business relationships, much like personal relationships, grow in a step-by-step fashion. The initial stages test our compatibility. Over time, they evolve into a relationship founded on trust, understanding, and mutual commitment to common objectives.

The Business Development Process (BDP) describes the stages that you and the customer or prospect must go through in order to develop a long-term partnership. It's a methodical approach with the goal of establishing a mutual understanding of need between you and the customer or prospect.

Anyone who interacts with the customer must know where in the BDP he or she is and be able to apply the skills of consultative selling appropriate to that situation.

The BDP makes it easier to:

- Work as a team

- Develop and share a common vocabulary ... Set clear goals and objectives

- Clarify the process

- Identify the next step all can agree on

- Establish consistent behaviors in the field ... Assess our strengths and weaknesses

- Identify clearly how to navigate through a sales process

In shortt the BDP confirms our focus as salespeople with a specific direction for the customer.

11.5 Four Stages of the Business Development Process

11.5.1 The Business Development Process (BDP)

Everything you will learn in this program is directed toward moving a customer or prospect through the four major stages of the BDP. The result is a qualified and motivated customer.

11.5.2 The Consultative Selling Skills (CSS)

The Consultative Selling Skills will give you the techniques knowledge and information you need to successfully persuade a customer or prospect to move through the four stages of the BDP, make a commitment to your products and services and build a long-term partnering relationship.

In summary: BDP + CSS = LTPR (Long Term Partnering Relationship)
  PLANNING
  This graphic represents the four typical stages in the Business Development Process.
  INTERACTION
  The complexities of each stage will vary from one situation to the next, but the flow of activity will be consistent.
  COMMITMENT
  Notice how the process begins at the top with Planning, goes through the next three stages, then returns back to Planning as you move to the next level of the relationship.
  FOLLOW-UP

11.5.3 Stage 1: Planning

Planning is the process that helps you make the most effective use of your time as well as your customer's or prospect's time. By planning and discussing your business objectives for each meeting, you create a professional and consultative image that will enhance your rapport and credibility.

You also increase your value by anticipating your customer's or prospect's needs and having the appropriate people, information and resources available when they're needed. The reason to plan is to:

- Develop and maintain a current and up-to-date customer profile

  - Company history and buying patterns Position in the marketplace
  - Long and short-term goals Competitor position
  - Decision-making criteria

- Collect relevant background information to adequately prepare for the meeting

- Establish an objective or goal for the meeting

- Anticipate the needs, issues, questions, objections, attitudes of customer or prospect and have appropriate responses and information

- Anticipate what other resources you will need to develop this account - establish a role in the relationship.

- Coordinate all people in the selling process

- Communicate a common goal and role to all who are part of the selling process so each can demonstrate a united and consistent professional image to the customer or prospect

- Keep up-to-date on current market trends

- Identify the decision makers and influencers, champions (supporters) and adversaries in the account

- Anticipate problems and prepare acceptable solutions

- Measure our progress and determine alternate strategies if needed

- Identify potential opportunities

You begin your planning with a Customer Profile and by asking yourself and others who know the situation - customer or marketplace - a series of questions. This investigation will help you anticipate the various situations that may occur during your meeting. Some of the questions you should be asking are:

- ? Why am I having this meeting ? What are my objectives for the meeting

- ? What is my role in this specific sales meeting

- ? What is my role in the big picture of partnering between my company and the customer

- ? What are the customer's objectives for the meeting

- ? Whom will I be talking to in this company

- ? Who else should I be talking to in this company

- ? What are the main business issues (needs, problems, concerns) affecting their business at this time

- ? What resources (people, materials) should I have with me at this meeting

- ? What is the next step in the BDP that I will "Close" on at the end of the meeting

11.5.4 Stage 2: Interaction

Interaction refers to any communication between you and the customer or prospect. This would typically include:

- Face-to-face meetings

- Telephone calls

- Faxes, memos, letters, e-mails, etc.

- Presentations

Successful interaction requires you to ask questions in order to gain information, and to reveal information based on what you've learned. Interaction is key to:

- Confirming that the information in your Customer Profile is correct

- Developing and maintaining rapport and trust

- Establishing a mutually acceptable goal or objective for the meeting

- Asking questions to confirm pre-call planning, uncover jdevelop new information, problems, goals and objectives

- Gathering relevant information

- Confirming and clarifying known information

- Communicating information about corporate strategy

- Communicating information about your products and services and how they can help the customer or prospect

- Offering solutions to confirmed needs Prospecting

- Qualifying accounts

- Presenting proposals and specifications Recommending solutions

- Establishing a common ground

- Closing on an appropriate next step in the decision-making or BDP

11.5.4.1 Commitment

Commitment consists of gaining the agreement of the customer or prospect to something you've proposed. This may include:

- Giving you an order

- Discussing long and short-term goals II Agreeing to your proposed solutions

- Meeting others in the account or getting a referral

Gaining the commitment is a measure of how persuasive you are in convincing a customer to proceed through the four stages of the BDP.

11.5.5 Follow-Up

Follow-up consists of the activities and feedback you provide to the customer or prospect based upon your previous meetings and commitments. Follow-up activities continue to build long-term relationships and may include:

- Product training

- Sales tools and product literature or specifications

- Check status and update on equipment ordered

- Discuss referrals

- Maintain a regular pattern of visits

- Install products

Follow-up allows you to continue building the long-term, value-added relationship and demonstrate your commitment to maintaining a high level of integrity by doing what you say you'll do. Probing is the skill of asking questions that uncover, clarify, confirm or otherwise expand your knowledge of the prospect's needs, problems or business opportunities.

11.6 Probing

Probing enables you to uncover the prospect's high impact needs, to gain competitive information and to understand the customer better. By developing strong probing skills, you will gain a significant edge over your competitors. You will become more knowledgeable about your prospect by asking the right questions, and, in doing so, you will understand how to satisfy the prospect's needs. Practicing the four different types of probes listed below will enable you to gather important information about your prospect, to get a better understanding of your prospect's business and to build a lasting relationship.

- Gather general information by asking questions the prospect can respond to freely. Typical questions begin with what, when, how or why.

- Focus on specific information by asking questions that limits the prospect's response.

- Typical questions begin with who, where, does, are, has or which.

- Focus on the longer term by asking questions that concentrate on the results of the prospect's needs not being met. Typical questions may begin with what will happen if, and what effects will that have.

- Test for prospect's understanding and readiness to act by asking questions that the prospect must confirm and commit to. Typical questions may begin with if I understand correctly, what you are saying is, is that right or is that correct.

11.7 Listening

Hearing may be a passive activity, but good listening isn't. As a speaker talks, effective listeners must interpret the words and evaluate the message before responding to what was said. Missing one of these steps may sabotage the communication that's critical to successful sales. Once you learn to absorb and understand everything you hear, you can "listen up" to keep your sales up.

1. **Have Patience:** The more your prospects say, the more you can learn about how to sell to them. Before you make the call, remind yourself that what they have to say is most important - to present your product effectively you need to let your prospects tell you what to do. Use your voice, expression and body language to put your prospect at ease and slow your rates of speech and thought down to match theirs. Resist the temptation to interrupt. When your prospects stop talking, wait a moment to be sure they are finished before you respond.

2. **Take Notes:** You don't want to write down every word your prospect says, but taking a few notes can help you remember your prospect's hot buttons and some key words to reuse in your presentation. Your product's benefits will be

easier to sell if you present them in your prospect's own words. Note taking also shows that you're truly interested in what your prospect is saying - just be sure to maintain frequent eye contact as you write. Try to limit each notation to three or foul- words to keep your writing from becoming a distraction to you or your prospect.

3. **Reserve Judgement:** Forming an opinion of your prospect's message too quickly can cloud your understanding of it. Be sure you've gotten the whole story before you pass judgment on part of it. Train yourself to think objectively during calls instead of emotionally. Consider the possible facts or feelings behind what your prospects say and how the emotions might influence the message. Asking yourself, "Why might my prospect say this?" helps you view the comments from the prospect's perspective. Always remember that speaking too soon now may cost you the sale later.

4. **Reinforce and review:** Everything your prospects say is important, but some of the points they make will be more help to you than others. As your prospects talk about what they want or like about your product or service, concentrate on picking out several major pOints. Jot them down in your notes and highlight them in your mind to return to during your presentation and followup. Repeat the phrases in your immediate responses, as well, so that your prospect will remember them when you refer back to them later. Again, selling with your prospects' own words makes your presentation more effective.

5. **Capitalize on speed of thought:** Most people can listen at a speed of about 600 words per minute, but can only speak at 125 to 150 words per minute, which leaves you with some spare time on your hands. Use that time to your advantage by guessing where the prospect is going - a correct guess reinforces your suspicions, an incorrect guess alerts you to pay closer attention to your prospect's words and to keep looking for the point he's trying to make. Mentally su-m~m-ariz-eyou-r prospect's message, looking for problems, misconceptions, attitudes or objections. Use what you learn in your presentation. Also think about your reply - stay focused on your prospect's words but be receptive to any response they may trigger in your own mind. Finally, be observant - pay attention to your prospect's facial expressions, body movements, posture, tone and volume of voice.

6. **Use the pregnant pause:** Sometimes silence speaks louder than words. Show your prospects you're thinking about what they've just said before you answer. By waiting a moment before you speak you also give yourself time to formulate a thoughtful reply. Limit your pause to a reasonable length - no more than five to seven seconds - you don't want to make your prospect uneasy or irritated. Use your pause to quickly collect your thoughts or glance down briefly at your notes. The value of your selling skill cannot compare with the value of what your prospects tell you. Every piece of information you miss or misinterpret

lengthens your closing odds. To turn your prospect's message into a sale, you have to reach understanding through listening. As long as you're willing to listen to your prospects, chances are you'll have prospects who are willing to listen to - and buy from - you.

11.7.1 Are You a Good Listener?

How many of these poor listening habits do you have?

- You spend more time talking then listening. II You frequently interrupt.

- You hardly say anything or respond nonverbally during conversations - you don't give the speaker feedback that you are listening.

- You jump in and finish someone else's sentence.

- You divert conversations from what the speaker is saying to what interests you.

- Most of your conversations focus on you.

- You frequently daydream when others talk.

- You plan your response while the speaker is still talking.

- You're quick to provide advice, even when not asked.

- You interrupt slow speakers using the excuse that they need to speed up.

- You ask so many questions that speakers cannot convey their thoughts.

- Customers take their business elsewhere and you don't know why.

- You make judgments about what is said before the speaker has finished.

- You like to answer a question with a question.

- You fidget a lot or are easily distracted during a conversation.

11.8 Something to Look Forward to ...

As we mentioned earlier, the Business Development Process is the foundation upon which our sales skills training is built. If you invest the time now to familiarize yourself with the four stages of the process and to develop your probing and listening skills, you will find that the materials at Academy flow rather smoothly.

11.9 Self Test

1. Briefly describe the customer of the 21st century.

2. Now, describe the salesperson of the 21st century.

3. How does consultative selling differ from transaction-based selling?

4. Briefly describe the 4 steps of the Business Development Process.

5. How can strong probing skills help you gain a significant edge over your competitors?

6. What are the six aspects of good listening skills?

12 Developing Your Sales Skills

A The CRM System

B The HP Media Vault File Server

C Vendor Compatibility Matrix

–

C Vendor Compatibility Matrix

D Terminals & Software

E Important Phone Numbers

E Important Phone Numbers

F Important Websites

F Important Websites

G Competitors

G Competitors

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Nomenclature

ACH - Automated Clearing House, group of processing institutions linked by a computer network to process electronic payment transactions between financial institutions.

ATM - automated teller machine

CRM - Customer Relationship Management
Computer system used to provide support for business sales processes, and back office support e.g. to sales, marketing and service staff. Interactions with customers are generally stored in customers' contact histories, and staff can retrieve customer account information and notes as necessary

Discount Rate - The fees charged by the card acquirer to the merchant for processing payment card transactions.

EBT - Electronic Benefit Transfer - (EBT) is an electronic system in the United States that allows state governments to provide financial benefits to authorized recipients via a plastic debit card.

EFT - computer based systems used to process financial transactions electronically

Electronic Check Processing - electronic payment process designed to accommodate the requirements of various consumer and corporate payment applications without the need for a paper check

FDMS - First Data Merchant Services

Interchange - The exchange of transaction data between acquiring and issuing institutions.

Merchant Services - service that enables a business to accept a transaction payment by use of the customer's credit or debit card

Bibliography

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