

## FOCUS: *Attracting new prospects*

*David DiPiero, CEO and Director of FGI Finance in the United States, talks to Factorscan about developing client relationships in the downturn, the best means of attracting prospects and the considerations factors need to take into account when considering new clients.*

### **What are the best ways of seeking out new clients in the downturn?**

In the US market finding clients is not the hard part; finding clients that will be affected minimally over the next year or so is. In other words it will be more challenging to identify quality not quantity. I believe that there is certainly more deal flow happening between major banks and smaller finance companies as banks are looking to transfer relationships now more than ever due to the change in underwriting procedures and appetite for risk.

### **Fast response versus due diligence**

Due diligence. A good balance of the two is always best, but good clients will demonstrate patience and wait.

### **What has been most successful means of attracting new clients?**

Word of mouth, a happy client is the best advertisement. We have many clients that have come to us by way of past and current clients recommending our service.



*Word of mouth remains the best advertisement for your offering*

### **Client recommendations, broker/bank recommendations, advertising and direct approach. What are the pros and cons of the different approaches?**

Client Recommendations –

Pros: A recommendation from an existing client eliminates much of the initial uncertainty associated with the commencement of any business relationship.

Cons: If a client shares pricing and structure details with the referral, then the potential for disappointment and frustration may be high due to the fact that both pricing and structure are not a ‘one-size-fits-all’ phenomenon.

Broker/Bank Recommendations –

Pros: Recommendations from trusted sources instill a sense of trust.

Cons: The only possible downside of broker or bank referrals is in the possibility of disappointing an important source of deal flow; particularly in the event that we are unsuccessful with commencing a relationship with a referred entity.

Advertising -

Cons: More often than not, organizations responding to advertisements are simply fishing for information, which can be a significant strain on sales team resources with undesired results.

Direct approach -

Pros: Little to no dependence on outside sources for deal flow

Cons: Can be very expensive and time consuming.

### **What is the key message to attract SMEs in the current environment?**

I believe the key message is flexibility and availability. Neither of which is easy to find in traditional banks right now.

### **What considerations must you take into account before taking on new clients under present conditions?**

Before taking on new clients under present conditions, factors must stress test both their underwriting procedures as well as their operational processes to ensure that both appropriately address the changing business (and risk) environment.