

# white paper

*Best Practices:  
Consultative Selling of  
Merchant Accounts*

PRESENTED BY  
THE BEST  
PRACTICES  
COMMITTEE OF  
THE ELECTRONIC  
TRANSACTIONS  
ASSOCIATION

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**ELECTRONIC TRANSACTIONS ASSOCIATION  
2007-2008 BEST PRACTICES COMMITTEE**

**Tony Abruzzio (Chair)**

Vice President, Sales  
Global Payments, Inc.  
10 Glenlake Parkway  
Atlanta, GA 30328  
770-829-8099  
Tony.Abruzzio@globalpay.com

**Aaron Bills**

Co-Founder & COO  
3Delta Systems, Inc.  
14151 Newbrook Drive  
Suite 200  
Chantilly, VA 20151  
703-234-6011  
fax: 703-234-6004  
abills@3dsi.com

**Tom Burnside**

President and Chief Operating  
Officer  
AdvanceMe, Inc.  
600 Town Park Lane  
Suite 500  
Kennesaw, GA 30144  
770-590-9822 X120  
tburnside@advanceme.com

**Doug Frantz**

Vice President  
VISA USA  
900 Metro Center Blvd.  
Foster City, CA 94404  
650-432-4591  
fax: 650-554-5454  
dfrantz@visa.com

**Anne Gordon**

Director of Core Support  
Heartland Payment Systems  
1437 Youngstown Center  
Hwy 62  
Jeffersonville, IN 47130  
812-280-8222  
Fax: 877-701-8190  
Anne.Gordon@e-Hps.com

**Chris Hirth**

Director of Integration  
Innovative Merchant Solutions/  
Intuit  
26541 Aggora Road  
Calabasas, GA 93102  
818-936-8037  
chris\_hirth@intuit.com

**Michael Hursta**

Director, Product Development  
FirstData  
6200 S. Quebec Street  
Suite 350  
Greenwood Village, CO 80111  
303-967-8553  
michael.hursta@firstdata.com

**Joseph Looney**

General Counsel  
Rapid Advance LLC  
7316 Wisconsin Avenue  
Suite 450  
Bethesda, MD 20814  
240-482-4684  
jlooney@rapidadvance.com

**Jim Marchese**

Executive Vice President  
IRN Payment Systems  
800 Shames Drive  
Westbury, NY 11590  
516-333-3888  
jim@irnpayment.com

**Theodore Monroe**

Partner  
Law Offices of Theodore Monroe  
865 South Figueroa Street  
Suite 3200  
Los Angeles, CA 90017  
213-622-7509  
fax: 213-622-1444  
monroe@tfmlaw.com

**Jerry Pierson**

Enterprise Technical Services  
Manager  
VeriFone, Inc.  
2475 Northwinds Parkway  
Suite 600  
Alpharetta, GA 30041  
770-754-3419  
fax: 770-754-3477  
jerry\_p1@verifone.com

**Don Singer**

Senior Vice President  
EzCheck  
16211 Park Ten Place  
Houston, TX 77084  
800-797-5302  
Fax: 281-647-6936  
Dons@ezchk.com

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## INTRODUCTION / EXECUTIVE SUMMARY

Today's Independent Sales Organization faces a different market today than that faced by ISOs during the era when merchant credit card acceptance was not ubiquitous, competition among ISOs was less intense and the benefit to a merchant of card-acceptance outweighed the by far the cost of acceptance. Today's environment offers less frequent opportunities to provide merchant accounts to new customers, competition for new accounts and conversions is high, and merchants are highly sensitive to the cost of acceptance.

The consultative sales approach outlined in this White Paper presents best practices that addresses these and other issues related to the current market, one which has a consultative character that aligns the interests of merchant and ISO, and which aims to provide merchants with the lowest total cost of processing and fosters merchant loyalty.

## UNDERLYING PRINCIPLES

- **One size does not fit all**  
The objective for any ISO should be to provide each merchant with the *least total cost of processing* based on the full needs of the merchant. In many cases, this does not mean the "least expensive" or "cheapest" solution. This requires both ISOs and merchants to understand the payment processing system and the structure and requirements of the merchant.
- **Consultative selling creates effective solutions**  
The interest of ISO and merchant align best when the sales representatives understand the particular needs of the merchant and the merchant has access to all the services it requires, including skilled customer support, at the lowest cost for the entire package of services. This balance can only be achieved by understanding and educating merchants as part of the sales process.

This White Paper provides an explanation of the consultative sales methodology and the structures that support it, and identifies the key benefits to be derived from adoption of this sales approach.

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## OVERVIEW

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The modern environment for selling credit card acceptance, the backbone of the payments industry, has changed significantly over the past decade and continues to evolve as the needs of merchants change and the number of products and services available to merchants through their independent sales organizations and sales agents grows.

Until relatively recently, ISO/acquirers and their sales agents had ample opportunity to find new merchant customer prospects. In most cases, these prospects were easy to sell to: they were eager to offer their retail customers the ability to pay with their credit or debit card and were not terribly sensitive about the cost of accepting those cards. The typical merchant-level sales agent focused mainly on finding these merchants and quickly building up the largest possible portfolio of customers as quickly as possible.

In this rapidly expanding market, there was little need for sales agents to understand the nature of the merchant's business or its customers, nor was there much need to understand more than the basics of their own business. On their part, merchants accepted that the added sales they gained by accepting card payments was enough—or more than enough—to offset the cost of accepting cards.

Today, with the relative scarcity of new customer prospects, sales agents increasingly focus on convincing merchants to switch their processing agreements and, of course, on defending their business from encroachment by competing sales agents. This competition is exacerbated by the increasing attention merchants are giving to the amounts they're charged for accepting credit and debit cards, which invites sales agents and their ISO/acquirers to compete first and foremost on price.

Consultative selling is an approach that recognizes the nature of the current market for payment processing and attempts to broaden the playing field by spreading the unavoidable competition among agents and sales organizations over a greater range of products and services, providing marketable value to merchants beyond just products and services, and building loyalty among merchant customers.

Done well, a consultative sales approach requires an ongoing relationship among merchants, sales agents and acquirers. In addition to reducing merchant attrition rates, this relationship creates obvious incentives for responsible and ethical behavior among all the parties—a primary reason ETA's Best Practices Committee has compiled this document as a Best Practices White Paper.



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## THE ROLE OF THE CONSULTANT

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What distinguishes a consultant from a conventional sales agent, even when both are selling similar payment processing products and services, is the nature of the relationship between seller and buyer and the value this relationship adds to the products and services being sold. The consultant is educator, advisor, customer service representative and occasionally an advocate for the customer.

The consultative sales approach requires that agents who interact directly with merchant customer prospects:

- Understand the services and products they're offering in sufficient depth to be able to answer customer questions fully and accurately;
- Be completely familiar with the contracts and disclosure documents provided to merchants and be able to explain them accurately;
- Take the time to understand the customer's business and have the training and experience to recommend an appropriate mix of products and services, tailored to the specific needs of the customer;
- Have a sufficiently broad array of products and services available to

develop a well-rounded payment processing solution for each merchant customer; and

- Adopt a customer service attitude that encourages communication between merchant and sales agent.

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## THE ROLE OF THE ISO/ACQUIRER

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The consultative sales approach requires that ISOs/acquirers, whether working through employees or contact sales agents, support the approach by:

- Training and monitoring sales agents initially and periodically throughout their employment or contractual relationship;
- Providing the necessary access to products and services needed to build an appropriate individualized customer solution;
- Establishing ongoing sales support to back up sales agents in the field;
- Having a well-trained, dedicated customer support operation; and
- Committing to a business culture that values a reputation for honesty and integrity.

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## BEST PRACTICES

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The goal of a consultative sales call (or more likely, a series of calls) should be to determine the immediate and near-term future needs of a merchant customer and create a solution that addresses those needs at the least total cost to the customer. In many cases, this does not mean the least expensive price for every product or service that comprises the solution, or the least cost for any particular part of that solution. Instead, the target should be a package of services and products that meets the customer's needs, both tangible and intangible, where the total price of all components represents a fair value, competitive with what a merchant might pay for those products and services separately.

To reach this goal, successful sales agents invest the time to understand their customer's business, both in terms of objective criteria, such as the size of the business, expected transaction volume, or number of business locations; and in terms of subjective measures, including the relationship between the merchant and its retail customers, the nature of the neighborhoods in which the merchant operates, or the owner's goals for the business. A sales agent that is sufficiently knowledgeable about a prospect's business will know which products and services are appropriate. For example, while almost every smaller merchant is likely to be

chronically short of working capital, not all are appropriate for cash advance products. Merchants operating in areas where their customers are mostly unbanked may have little need for check processing capability.

Because the result of a successful consultative sale is a long term relationship, transparency and complete understanding between merchant and sales agent is essential. This not only requires contracts and disclosure documents that are easily read and understood, but also depends on sales agents who fully understand their products and services and can explain them, along with the costs and responsibilities that accompany them.

Successful sales organizations create a business culture that encourages and rewards sustainable relationships between merchants and sales agents and those in the organization who support them.

Successful ISO/acquirers frequently train new sales agents thoroughly in all facets of the business and all available products and services and conduct periodic retraining throughout the agents' sales careers. Many assign mentors to each new agent and conduct field training along with inside training. Similar efforts also are directed to team members who support sales agents and those who engage in direct customer support.



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## **BEST PRACTICES *continued***

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Their sales agents have access to their own support networks, available to assist in closing sales or pricing particular combinations of products and services. Merchant customers, in addition to having frequent contact with sales agents, also have access to knowledgeable support.

## **THE BENEFITS**

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It is fashionable to refer to the sale of packages of products as consultative selling, but the approach entails much more than creating an individualized collection of discrete products. Those who pursue the approach can identify their success by the benefits that flow back through a sales organization.

Some of them include:

**Fewer customer complaints.** Merchants who have a relationship with their sales agent, understand the services and products they've contracted for, and know their responsibilities under the contract are less likely to be surprised by their monthly statements or the operational issues for their business. As a result, they are more likely to ask questions than make accusations.

**Fewer customer service issues.** When both sales agents and merchant customers are fully knowledgeable about their products and services, customer service calls tend to be fewer but more serious or challenging. This allows customer service personnel to

focus on mission critical issues—the kind that are critical to financial or reputational success.

**Frequent referrals.** Satisfied customers, who feel they're valued by their sales agent and acquirer, are the ones most likely to refer others to the organization and agent they use. The consultative selling approach is designed to encourage and take advantage of those referrals.

**Lower attrition rates.** Customers who are happy tend to resist efforts to lure them away, especially if the only inducement is the price of processing. By its nature, the consultative selling approach builds loyalty, and the comprehensive solutions that emerge from the process reduce the vulnerability to price cutting on any particular component service or product.

**Reduced sales agent defections.** As is true with satisfied customers, satisfied sales agents are more likely to remain where they are. To the extent that the consultative sales methodology increases their chances of success, sales agents are less likely to seek a change in their circumstances.

**Less pressure on margins.** Because this sales approach typically involves a mix of products, the agent and ISO/acquirer need not depend entirely on a single product for its profit. In fact, the availability of well-thought-out solutions to a merchant's needs may well make it more likely that the merchant will tolerate higher prices than

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## **THE BENEFITS *continued***

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otherwise might be the case, provided the proposed solution addresses high-importance needs in a way that provides fair value.

**Better risk and fraud management.** The better a sales agent and ISO/acquirer knows and understands their merchant customers, the less it is likely they'll have to deal with fraud issues, or even business risk. Changes in business activity are more easily recognized and preexisting relationships may make them easier to address.

## **CONCLUSION**

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Consultative selling is appropriate for those organizations that want to establish long-term relationships with merchant customers without artificial lock-ins, who want to maintain profit margins, reduce attrition and build or maintain a stable business of their own. As such, this approach deserves recognition as a payment industry best practice.



**ELECTRONIC TRANSACTIONS ASSOCIATIONS**

1101 16<sup>TH</sup> Street NW  
Suite 402  
Washington, DC 20036  
(202) 828-2635  
(800) 695-5509 Toll-free  
(202) 828-2639 Fax  
[www.electran.org](http://www.electran.org)