

**COMMENT**

# The direct sell in EU markets

**Alun Richards**

One of the biggest mistakes that anyone working in Europe can make is to assume that all the different markets share the same characteristics and can be approached in the same way.

Leasing is testimony to that fact, with a surprisingly large variation in the contracts, laws, practice and uptake of finance by the business community across Europe. One thing does, however, hold true wherever you look, namely the importance of the local connection for a successful sales effort.

The route by which this is achieved that offers the best chance of success does, however, vary considerably from country to country.

A direct sales approach with leasing sales teams contacting

end-user customers through introductions, cold calling and visits can be very effective for banks and finance companies with extensive branch networks or large field and tele-sales teams – especially in the larger countries in Europe where local banks have built out a very extensive network of offices.

The obvious challenge is one of cost which has seen many smaller banks, branch offices and the local presence disappear over the course of the past 20 years as a drive for greater efficiency and cost reduction has swept all before it.

The emergence of indirect and vendor sales over that same time period has, in part, been driven by the need to replicate the local presence and feel of an extensive branch network

without the requirement to maintain that network.

Indirect and vendor programmes continue the tradition of doing business locally by using the third-party or vendor sales force as a proxy for the branch.

The current credit turmoil has caused some to reflect on the wisdom of closing down the direct contact finance companies and banks had with their customer base however, as delinquencies have risen significantly and bad debt begins to climb.

The closure of many third-party relationships and the renewed focus on the customer base that many have announced demonstrate the need to reconnect with the users of finance. The ongoing re-evaluation of business plans cur-



rently taking place should include a consideration of how best to maintain that all-important local connection.

Without this, no business can be truly successful distributing finance in Europe wherever they choose to operate.

Whoever figures out how to deliver this without incurring the major costs of a significant physical local presence will emerge as a winner following the huge disruption we are undergoing at present.

*The author is a principal at The Alta Group and former managing director of Key Equipment Finance* ■