



Steve Webb

Compiled by Stephanie Harris

Financing Alternatives

With the current state of the economy, financing has become a challenge for many water dealers. EcoWater Systems recently unveiled a new financing alternative for its dealer network, called the Service Lease Plan (SLP) PLUS Program. Stephanie Harris, managing editor of Water Quality Products, recently spoke with EcoWater's vice president of dealer sales and marketing, Steve Webb, to learn more about the new program.

Stephanie Harris: Tell me a bit about the new SLP PLUS program for dealers.

Steve Webb: The program is basically a financing alternative for water dealers. As most people know, financing has been real tough for dealers so we've come up with our own program for dealers. How it works is, dealers will install a system in a home and then we will do the billing for them. There is a 48-month lease and at the end of the 48th month, the consumer then owns the product.

Harris: What are the benefits of utilizing the SLP PLUS program for dealers?

Webb: Financing is really dried up for water dealers right now, so we need something for our dealers to stay out there. What's happening is, say for instance a dealer sells a water softener for \$2,000; the dealer then turns it over to a financing company. What the finance companies are now doing in some cases is cutting those sales in half. So instead of getting \$2,000, the finance company gives the dealer \$1,000 and then they go ahead and bill them at whatever interest rate they're billing them, and the dealer loses a lot of money. With our program, our dealers receive all of their money for the unit.

The advantage of the program to the dealer is that they get a monthly check from us when we do the billing. With the equipment, the dealer simply takes it out of their inventory and installs it in the customer's house. We then credit the dealer's account for the equipment, so they are not out any money.

We have also put together a program where we send the dealer a check upfront to cover commission

or installation costs. So let's say a dealer installs a water softener in a home and a salesperson sells it; we actually build a fee into the transaction to pay the salesperson.

Harris: What lead to the development of this program?

Webb: The financing challenges within our industry right now—we wanted to help our dealers succeed.

Harris: What can dealers do to remain successful given the current market situation?

Webb: We are researching other programs we are going to have available for dealers soon, but the SLP Plus program will allow them to continue to operate and receive money for their products when they sell them.

The biggest challenge right now is the financing that is out there—if you put a unit in a home and you sell it for \$2,000, when the finance company pays the dealer, they only get half or 60% of that. So they just lost \$1,000 or \$800, depending on how much money they received from the finance company. That's what is really hurting the dealers—they are not able to budget or understand how much money they are going to make.

Harris: What are the benefits of offering consumers financing programs such as this?

Webb: We forget sometimes who the customer is and that's the consumer. This program is good for the consumer because they get interest-free financing. So if they buy a system for \$2,000, they are not paying \$3,000, they are paying \$2,000.

We bill them 48 months and there is no cost to the consumer—no maintenance costs or anything.

After the 48 months, the factory warranty goes into effect and the consumer has another five years of coverage after that. So it is really a nine-year warranty.

For the consumer, it's the best—they get a water treatment product without paying any finance charges plus they get a strong warranty.

Harris: How has the program been received by dealers so far?

Webb: It went into effect Jan. 12, 2009, and we have already received double the interest we thought we were going to get. That's part of the challenge right now—we have gotten more interest than we anticipated.

There is also an easy enrollment process; if they are currently a dealer with us, then they're already approved. All they need to do is get the contract from us and go out there and sell it. And when they sell it and mail the contract back to us, we then credit their account. The dealers already have units in inventory so once they put a unit in a house, they just send the paperwork to us and we credit the unit to their account so they are not out any money. *wqp*

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CALENDAR

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17 – 21 WQA Aquatech USA 2009 Conference & Exhibition
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www.wqa.org

April

19 – 23 NGWA 2009 Ground Water Summit
Hilton Tucson
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May

4 – 6 North America Conference on Ozone & UV Technologies
Hyatt Regency Cambridge
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June

3 – 5 Aquatech China 2009
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4 – 6 Florida WQA Tradeshow & Conference
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