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Maximize Your Budget Plan Enrollments

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I. Why Budgets?

Budget Plans are good for us and for our customers.

For us:

Customers on budget plans are much less likely to keep track of the price they pay per gallon, focusing instead on their monthly charge. They also buy, on average, 7% more fuel. And because they start paying in the summer, they help generate needed cash flow.

As a result of all this, increasing budget enrollments tends to reduce the number of complaints you get about oil prices, and keeps customers focused on the quality service you provide. They reduce conversions to gas for the same reason. And they increase overall customer retention.

For our customers:

A typical customer buys 75% of the oil they'll use in a year in just 5 months. Much of this comes around the December holiday season, when household finances are stretched thin.

Our **Budget Plan** keeps their bills as **low and predictable** as possible. We estimate next year's total bill and split it up into x equal installments.

Our customer is still responsible for paying for the oil they actually buy, at the price on the day of delivery, but they don't pay it all at once.

For example, last winter, many customers received a \$475 delivery in January, and a \$550 delivery less than a month later. Had they been on budget, they probably would have paid no more than \$200 in each month.

Bottom line: "no matter how high oil

prices go, or how cold it gets, even if you get two deliveries in just one month, you still get one lower bill."

Other features:

- Some companies offer a discount off their gallons if they pay their bills on time. This helps overcome the objection "why should I give you my money before I need the oil."
- Other companies pay interest on credit balances for the same reason. Ie: if you have their money before they actually needed the oil, they get paid as if it were in the bank. Note: refer to this as an "annual rebate on credit balances" rather than interest so you don't have to issue a 1099. The benefit of this approach vs the cents off per gallon is that it costs about 15% as much and accomplishes the same thing.
- Many companies will bill budget payments to a credit card. This reduces the number of checks people need to write, and lets them earn frequent flyer miles or other similar points for heating their house.

II. Increasing budget enrollments

Customers primarily go on a **Budget Plan** to get predictability and avoid large winter bills. For a chunk of them, it makes perfect sense. All they need to know is that it's available. If you make it easy for them to understand, and make it easy to start, many of them will enroll.

We have clients in the same exact community. One can have as many as 60% on budget. The other has only 20%. The issue isn't the customer; it's how you sell and market your plan.

Avoid these mistakes:

- 1) The biggest mistake companies commit is not making this a priority when they enroll an account. When your people enroll a new customer, it's often the last thing they talk about.
- 2) They focus on the features, not the benefits. Example: When asked to describe the budget plan, many of you say things like "we estimate your total bill and break it up into x monthly payments. At the end of the year, if we end up either owing you some money or you owing us, we can make an adjustment. Do you know how much fuel you use? How big is your house...I would need to run a credit application to make sure you can get it, etc.

All of this is true, but it's not what the customer is really getting by going on your plan. Instead try this.

"You typically use 75% of your fuel in just 5 months. By spreading your payments over XX months, our budget plan keeps your bills as low and predictable as possible. No matter how cold the weather or how high oil prices spike, you never have to worry about getting a giant winter bill again. How does that sound?"

Go into the details only after they are interested.

- 3) They offer it as a choice ("if you want, I can put you on a budget plan" instead of as part of their overall package "we take care of

all the hassles for you. For instance, instead of paying huge bills in the winter, we spread your payment out over 10 months so you never get hit with a giant bill again."

In this latter approach, we are assuming the sale. You'd be surprised how many people just say ok. Make them tell you no thanks, and then handle their objection with answers from below. (By the way, assuming the sale is the way to approach getting people on Automatic delivery as well.)

- 4) Stop calling it a budget plan. A certain group of people react negatively to this name, thinking it implies they can't handle their bills. Call it an even payment plan, a monthly payment plan, a level payment plan, an easy payment plan, a predictable payment plan etc., instead.
- 5) Make it easier to enroll. Some of you are terrorized by your billing and IT departments. You become completely inflexible about when customers can enroll. Of course it works best when they enroll in June or July. But once you recognize all the benefits you get from converting them to budget, it pays to cause some internal difficulties to make it happen. If they join up in Aug through Nov, create a special first year plan. If they become your customer in spring, don't just tell them to call you in June to get enrolled. Enroll them in your computer, and send them their first statement (or coupon book) when your program starts. Some companies also do

12 month budgets.

III. Handling Objections

Some customers just won't spread their payments out monthly no matter what you say. But there are many others who would say yes, if you handle their objections properly. Here are some common ones with a few tips on dealing with them:

Remember some ground rules about handling objections:

- When an objection is raised, people are usually saying, "I am interested in buying, but before I buy, you must either:
 - Review value or
 - Reassure me that I am doing the right thing by acting the way you want me to"
- To successfully deal with objections, you must be prepared. It pays to practice your answers.
- Ask before you tell — before you launch into an explanation of some program or the company's services, make sure you are clear about what your prospect really needs to know. Here's an example:

Your customer tells you "I don't want to pay monthly."

Answer: "but we'll give you interest any month that you have a credit balance, so it's better than having money in the bank."

Their real objection was: "I don't like to cut checks every month."

The best answer is: "we can put it on your credit card if you'd like, so you don't have to write a separate check and you can build up frequent flyer

miles while you heat your home."

IV. Answers to common objections:

They think you're implying they can't manage their money effectively. "I pay all my bills on time. I don't need to do this."

No one is saying that you "need" a budget plan. Most customers just find it easier and more convenient. Besides, why should you even have to think twice about oil prices spiking, or unusually cold weather driving your fuel use higher? With the budget plan, it's not nearly as big a problem. So why not give it a try for a year? You can always switch next time."

(Also, people pay other household expenses monthly, including their mortgage and car payments. Often they pay their electric monthly; sometimes their insurance. This is no different.)

Finally, if this is true, we've found it effective to say: "No one is saying you can't pay your bills on time. In fact, we don't let customers like that on this plan. This is reserved exclusively for our better customers, as a way of giving them more convenience and avoiding huge bills that sometimes happen because of the weather or temporary price spikes.

They think it's a gimmick that enables you to push more oil on them or charge more (in part because it involves going on auto.)

"We don't charge any more than if you were getting the delivery and paying for it normally. And we can't force you to use any more oil than you actually need."