

Tonya Fry discusses the concept of value-added financing.

More than a low rate

Whether you are purchasing cranes or other equipment for your company, or are a dealer recommending financing to your customers, finance sources should not be chosen solely based on the best rate.

Instead, customers and dealers need to ask themselves, is this lender the best fit for my business? Rather than focusing on just the interest rate, the lender should be viewed as a strategic business partner who will help grow and enhance the business. Below are the four questions you should ask when shopping for financing:

DOES MY LENDER PROVIDE A VARIETY OF FINANCE OPTIONS?

When choosing a lender, one that can provide your company with a variety of options is important. Every business has individual needs when it comes to financing and those needs may change depending on the situation. In some purchase instances, your company may want to permanently add the equipment to the fleet. Your company may want to take advantage of all of the ownership benefits, such as depreciation and having the asset on the balance sheet. In another purchase decision, your company may only need the equipment on a temporary basis, such as for a specific project, and then want to return the equipment. In that instance, a lease may be the better option.

In either case, having a lender that can provide your company with choices that meet your needs may be more important than the lowest rate.

For dealers, partnering with a lender that can meet the financing needs of the majority of their customers is ideal. The dealer should view the lender as their partner in selling equipment. Having one source at their disposal that they



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can obtain financing for customers' with different finance needs, credit ranges, and challenges will help the dealer sell more equipment. Having one lender that can meet most of the dealer's financing needs is more efficient because rather than having to submit multiple credit packages to multiple lenders, you only have to submit one package to one finance/leasing source.

DOES MY LENDER UNDERSTAND MY BUSINESS NEEDS?

Every business has individual needs when it comes to financing equipment purchases. One structure, plan or program does not fill all. Choosing a lender that can provide your company with a structure tailored to your company's particular needs can be more important than the lowest rate. Working with a lender that understands how your business operates can be extremely beneficial to your company's success.

A lender should understand that when a company is adding a new crane or piece of equipment, there can be a few months of training and ramp up time when the equipment is not generating revenue. The delivery and set up time needs to be taken into consideration when structuring your finance or lease term. A lender that can provide your company with two to three months of zero payments at the start of your term can be a better choice than the lender with the lowest rate.

Another example when structure can be more valuable than rate, is if you are located in an area that experiences seasonality due to weather, a structure that provides smaller or no payments for those months when your cash flow is at its lowest can be extremely beneficial to your company. This structure would allow your company to continue making your monthly payments timely, which, in turn, will help your company to continue to access better rates on future acquisitions.

A lender that understands how your business works can be much more valuable to your company than just the lowest rate. Rate is important, and at the end of the day is a real cost of acquisition. But a low rate with a structure not

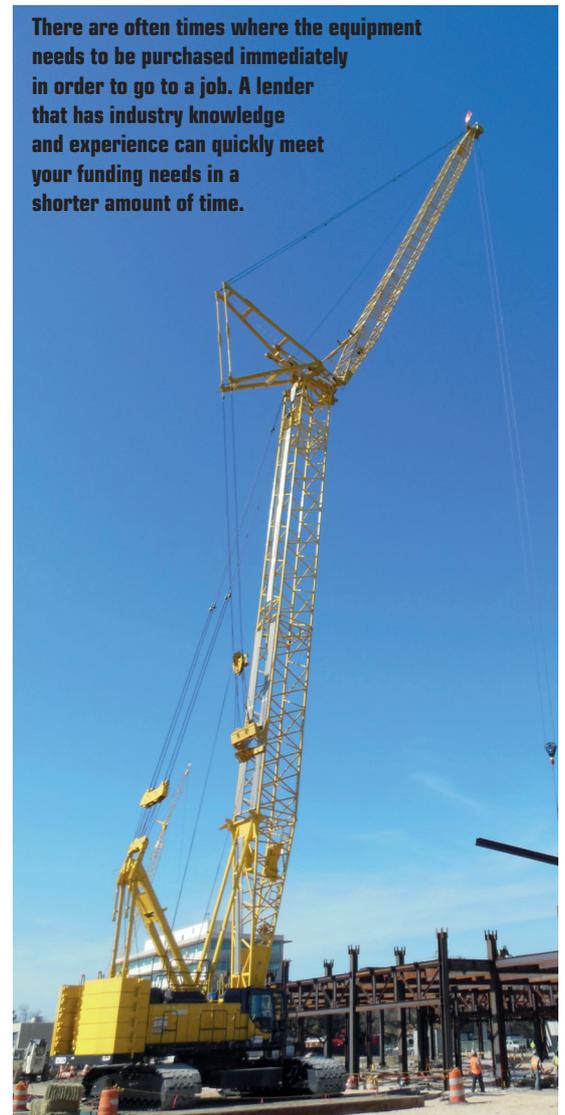
tailored to your company's needs may create cash-flow crisis in the future. Rates seldom if ever cause payment issues but structure and term do.

CAN MY LENDER BE RESPONSIVE TO MY NEEDS?

Financing equipment can be a cumbersome process for both the customer and dealer. Choosing a lender that makes the process easy, even if their rate is not the lowest, is often worth more. As a business owner, you are out in the field trying to operate a business and generate revenues. Time spent

>42

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working on financing paperwork is time missed generating additional revenues. In addition, purchasing and financing equipment can be time sensitive. There are often times where the equipment needs to be purchased immediately in order to go to a job. A lender that has industry knowledge and experience can quickly meet your funding needs in a shorter amount of time. If the process was easy and your needs were met, the more likely you are to return to that lender for future purchases.

The service of the lender is also important after the transaction closes. Post-closing, there are often items that need to be handled, such as titling and registration. Having a lender that is accessible, dependable and knowledgeable will make this part of the process much smoother as well.

For the dealer, being able to rely on a lender to efficiently and effectively close your deals is priceless. By having a lender that can guide the customer through the finance process from the credit process to closing, allows you to focus on selling equipment. A knowledgeable and efficient lender will guide the customer every step of the way and keep all parties informed.

By making it easy for both the customer and dealer, it will make the entire process a more positive experience for everyone.

Although you may not be able to put a number on customer service, good service can be one of the most important factors in choosing a lender. In today's business world, human contact has lost its luster. We all know how frustrating it can be when dialing in to a company with, what you may consider, a very quick question, and you have to "Press 1" for this and "Press 2" for that. Having a lender that you can actually speak with to solve a problem or question is priceless.

CAN MY LENDER GROW WITH MY BUSINESS?

Having a lender that is able to handle both your company's current and future needs is important to helping your company grow. There are many lenders that may have exposure limits which will inhibit your company's ability to expand. Having a lender whose representatives have been with the company a long time is very beneficial. A person that your company can work with on future finance needs is an asset to your company. A representative that understands the particulars of your company is able to

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keep in touch with you on a regular basis, keep files updated and stay ahead of your needs is a valuable asset to your company. When you need to make a purchase, that person will be ready, quickly, to assist your company. A long-term relationship with your lender can be more of an asset than a low rate.

There are a variety of things to consider besides the lowest rate when shopping for financing. By asking yourself the above questions, you will be able to effectively choose the right lender for your business needs. Hopefully, this lender will become your strategic business partner, and can assist you with the growth of your company for years to come. ■