# Equip Your Business for Success





# **Equip Your Business For Success!**

Welcome to the Equipment Finance Advantage Digital Toolkit. We designed this resource to help you learn more about using equipment leasing and financing to operate and grow your business.

How can equipment leasing and financing help your business? What do you need to know before entering an equipment financing agreement? How can you make the best possible equipment financing decisions for your business?

In this toolkit, you'll find the answers to these and many other questions you may have about acquiring equipment. For even more information, we invite you to visit our *Equipment Finance Advantage website*, your one-stop-shop for information about equipment leasing and finance.

The Equipment Leasing and Finance Association has been the trusted source on equipment finance for more than 50 years. We look forward to helping you equip your business for success!

Sincerely,

William G. Sutton, CAE President and CEO Equipment Leasing and Finance Association



# What Is Equipment Finance?

Most businesses require equipment in order to operate and, in many cases, make a profit. Equipment leasing and financing helps all types and sizes of commercial businesses in the United States to acquire the equipment they need to conduct their business operations. Each business has to make the best procurement choice based on numerous factors such as cash flow, balance sheet impact and available credit lines. Equipment finance offers flexible choices that can work with the diverse objectives of most businesses.

# What Equipment Is Financed?

Equipment can be financed for use in virtually every sector of industry, including:



Agricultural equipment

# Get to Know the Benefits

Businesses ranging from mom-and-pop operations to Fortune 100 companies finance their equipment because of the many benefits financing offers. With financing you can:



#### Get 100% financing with no down payment

Arrange 100% financing of equipment with no down payment, unlike financing with most traditional lenders.



#### Maintain cash

Hold onto your cash so it can be used for other areas of your business, such as expansion, improvements, marketing or R&D.



#### Manage risk

Mitigate the uncertainty of investing in equipment your business needs until it delivers a return on your outlay.



#### Hedge against inflation

Help hedge inflation risk because you don't pay the total cost of equipment up front or with a large down payment in today's dollars.



#### Plan expenses for cash flow and business cycle fluctuations

Maintain cash flow and greater certainty in budgeting by setting customized rent payments to match cash flow and even seasonal cash flows.

#### Keep up to date with new technology

Acquire more and better equipment than you could have without financing, and even upgrade or replace it within the term of the lease contract.



#### Address tax considerations

Get a financing agreement that addresses depreciation, expense deductions or other tax implications for your business.

#### Leverage equipment expertise

Have a valued consultant in your equipment finance provider, with benefits that range from setting residual rates through lifecycle asset management solutions.



#### Avoid getting stuck with out-of-date equipment

Let the equipment finance provider in a true lease bear the risk of the equipment from becoming obsolete.



#### Outsource asset management

Receive asset management services and expertise for the entire lifecycle of the equipment.



#### Obtain the convenience of product and service bundling

Bundle the entire cost of equipment, including installation, up-front maintenance, training and software charges into a single, easy-to-manage solution.

#### Get no-hassle equipment disposal

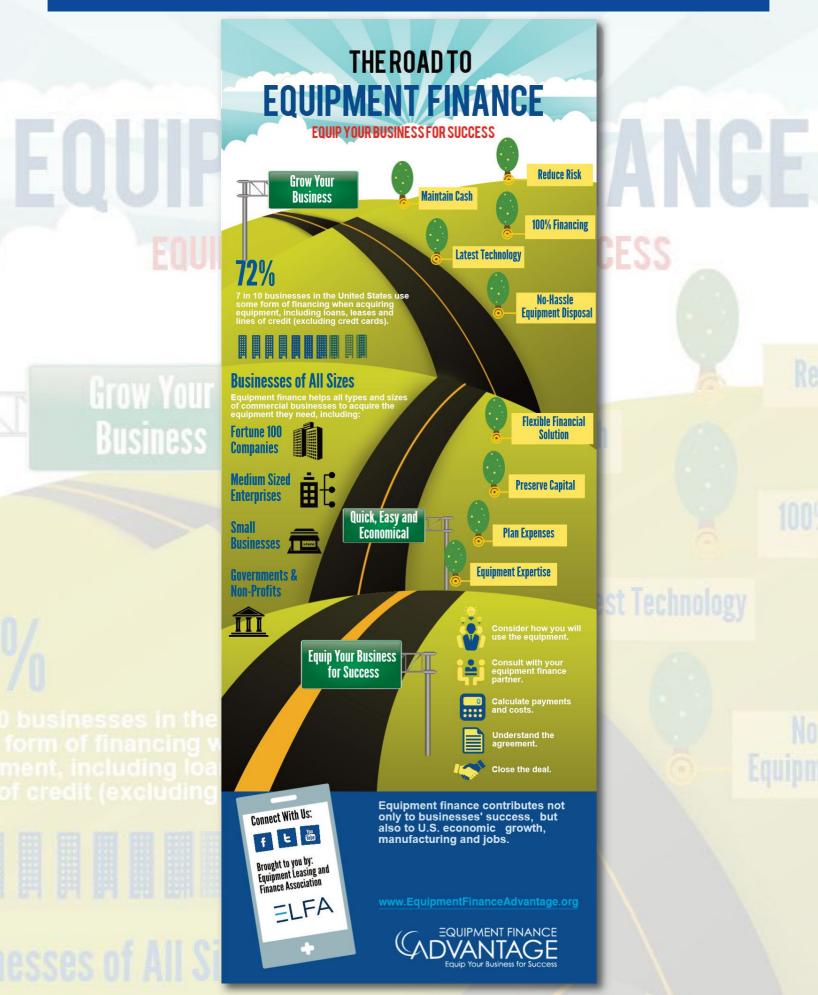
Let your equipment financing company take care of equipment disposal–especially computers and other technology devices–so your business can focus on its core operations.

## Video: The Power of Equipment Finance



Equipment leasing and finance helps all types and sizes of commercial businesses to acquire the equipment they need to conduct their business operations.

### Download a copy of this infographic





# How Do Businesses Use Financing?

Leasing and other financing methods are more flexible and customizable than most funding options. Regardless of the size or type of business you're in, you can be sure there's an equipment financing solution for you.



#### Start-ups

Equipment finance is a perfect fit for start-ups that may have trouble getting traditional bank loans. Typically most lenders want to see two years of financials, but with equipment finance, there's no jumping through the same hoops as with commercial and industrial loans.



#### Small businesses

Making up 99.7% of all employer firms in the United States, small businesses are a critical component of the economy and important end-users of equipment finance. With that kind of clout, small businesses can find equipment finance companies and financing options specifically designed for their needs.

#### Equipment manufacturers and dealers

Not only do manufacturers and dealers use financing for their own operational needs, they also offer financing programs to get their products into the hands of more customers.



#### Government and public agencies/non-profits

Local, state and federal government agencies, school districts, charitable organizations and other non-commercial entities finance the equipment they need for many of the same financial and operational benefits that commercial businesses do.



Equipment finance contributes not only to businesses' success, but also to U.S. economic growth, manufacturing and jobs.

Equipment finance helps you hold onto your cash so it can be used for other areas of your business.

FB012255231

Millia Arta anna Anna

Pint

Children and

# **Build Your Asset Management Strategy**

Once you understand the benefits of equipment finance, you can see how it fits into an asset management strategy for your business that can enhance financial performance and capital productivity.

"Asset management" is a term that basically means the ability to plan, acquire, manage, and recycle assets in a systematic manner. Each stage of asset management has a significant impact on the return and profitability of the equipment you acquire.

The asset management function should be employed throughout an asset's entire life cycle from the delivery of equipment to its installation, use, maintenance and finally de-installation and disposition.

To help build your asset management strategy, consider your company's needs from the following checklist:



# **Get Started**

Follow these 5 steps to get started using equipment leasing and finance to your strategic advantage. Consult 10 Questions to Ask for more information.

#### 1. Consider how you will be using the equipment.

Determine how your company will use the equipment you plan to lease or finance, and the length of time you'll need it. To help decide if leasing or financing is a profitable financing option for you, perform a simple cost/benefit analysis by comparing the anticipated costs to the revenue you expect to generate from using the equipment.

#### 2. Talk to your equipment finance partner about your business.

The more your equipment finance company understands your business, the better it can address the tax and cash flow requirements, market fluctuations and other factors that impact your business to achieve a successful outcome for your lease or financing contract.

#### 3. Calculate your total payments and costs.

To avoid any future misunderstandings, it's important to understand the number of payments you will owe, the total monthly payment due and any additional costs related to insurance, taxes and other charges. Also, find out if there are additional costs associated with the lease or finance transaction that may occur during the course of the agreement term, including late payment fees and other surcharges.

## 4. Understand the terms of your agreement.

You should know your company's liability for the equipment you are leasing or financing before you sign an agreement. Be sure the conditions are clear and included in your agreement, and review these provisions with your equipment finance company representative. The 10 Questions to Ask will help you find out about important considerations, including any additional costs, service requirements, end of term options and agreement modifications.

#### 5. Close the deal.

Once you have answered key questions and determined that equipment leasing or finance can benefit your company, it's time to start enjoying the benefits!



# 10 questions to ask



EQUIPMENT FINANCE



Equipment finance is an easy, quick and economical solution to get the equipment your business needs to thrive.





# **Share This Toolkit!**

Share the link *www.EquipmentFinanceAdvantage.org/Toolkit* and help spread the word about the benefits of equipment finance.

- Post it on your website.
- Share it via social media channels.
- Forward it to your business contacts and friends.

Questions? Contact Amy Vogt at avogt@elfaonline.org.

This toolkit is brought to you by:



www.EquipmentFinanceAdvantage.org

and

Your Equipment Finance Provider

