

The Art & Science of

Equipment Purchasing

Major business decisions are supposed to be made **rationally.**

We all know it doesn't always happen that way.

Equipment purchasing is no exception. Often, it's not the rash purchase of a critical business tool that ends up having a negative impact on your company. Instead, it's the equally rash decision to cut corners in the short-term and make do with what you have that proves costly.

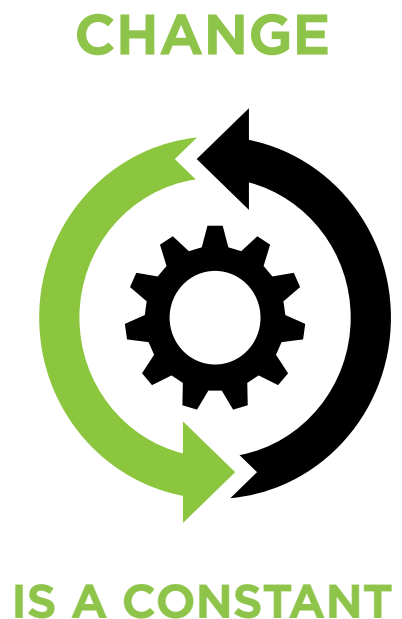
When, why and how?

Knowing **when** to purchase equipment and **why** can help you make more rational decisions, but **how** can you account for your unique business needs?

That's what we're here to help you solve. In this eBook, you'll learn more about art and science of the equipment purchasing process, how to know when it's essential to embark on it, and the benefits of doing so.

We all know it doesn't always happen that way.

Let's begin by acknowledging a truth we don't always like to confront: Change is a constant, and a failure to account for that puts your business in a hole. Regardless of your industry, you have customers demanding new services and new products, technology that can and often does improve fast enough to make current equipment obsolete, and an ever-growing need to find better efficiencies of time and money.



In 2020 **94%** of
businesses were
either purchasing
new equipment
or exploring
doing so within
the next year

Equipment Trader

It's easy to put off what you might need until tomorrow.

It can be expensive and time-consuming to make a change. That change is coming, though, and often new customer demands, and market shifts, make new equipment the best way to confront it head on. The key is to take a hard look at your business at regular intervals—monthly, quarterly, or annually, depending on your specific industry and needs—and take a hard look at where things are trending.

Keep the bottom line top of mind

Of course, you don't want to add equipment if it will impact your finances negatively. The good news is that while the initial cost can be significant, the positives and long-term return on investment can be exactly what your business needs.

Equipment ought to be a focus of your overall revenue strategy because of that potential impact. If you're in food service, as an example, a new and more modern range oven is expensive but can improve customer and employee satisfaction quickly. Perhaps most importantly, it also can have a direct impact on revenue, allowing you to cook and serve meals more quickly and save on energy.



TOTAL SALES



**MONTHLY
OPERATING
HOURS**



**YOUR REVENUE
PER HOUR**

Considerations

Consider a simple equation when thinking about your equipment costs and needs. Take your total sales and divide by your monthly operating hours to determine your Revenue per Hour, which should be a ratio above 50%. Based on that, what equipment is currently generating the most and least revenue for you? That can help you determine urgent needs and long-term ones alike.

Once you've thought long and hard about the gaps between what you offer and what the market demands, how new equipment will impact your customers and employees, and your timeframe for acquiring it, it's time to answer the biggest question of them all...

How are you going to **pay** for it?

The **art** of finding financing.

Ideally, you're not just making one-off investments. As is the case with any good relationship, finding and sticking with a reliable equipment vendor that you've carefully vetted will pay dividends.

A long-term relationship allows you to scale your business in the future by cutting out the need for research each time you purchase new equipment, eliminating the possibility of a poor experience, and benefitting from the guidance of someone you trust.

While you're exploring a vendor, or even before, you'll also want to vet a finance broker. The key is to find a partner who can deliver the rates you're looking for, but as is the case with an equipment vendor, you're looking for a long-term relationship to scale your business properly and increase revenue. You're also looking for an experienced broker you can trust not to be fly-by-night or built to take advantage of you.

There is not necessarily a science to figuring this out, which is why we call it an art.

You can look up reviews online, talk to people you trust, and seek out the advice of vendors. That's not a substitute for sitting down and consulting with a broker and determining what they can offer you, which should include *(but does not need to be limited to)*:



✓ **FLEXIBLE FINANCING TERMS**

This eBook is a general look at equipment needs, but your business needs are unique. A broker should be able to work with you to determine terms that meet them.

✓ **COMPETITIVE RATES**

Equipment purchasing is not cheap, as we've said, but financing doesn't have to be prohibitively expensive as well. Shop for rates and ensure there are no hidden costs.

✓ **EXPEDITED CREDIT APPROVALS**

Once you have an equipment need and a vendor, you don't want to wait forever to be approved. Especially if your credit is a little shaky at the moment, seek a broker who can get you approved quickly in an above-board way.

✓ **DEFERRED PAYMENT OPTIONS**

Sometimes you'll just need some time for the equipment to begin paying for itself and driving real revenue for you. A broker should be able to accommodate that.

✓ **EASY DIGITAL DOCUMENTATION**

Do you want to sit in an office and fill out pages of forms for hours? We don't want to sit there while you do it, so seek out a broker who feels the same way.

✓ **SECTION 179 TAX DEDUCTIONS**

Tax writeoffs for new equipment can be a powerful thing for businesses. Brokers should be able to help you realize those deductions.

Ultimately, **investing**
in your equipment
is investing in your
business.

Creating opportunities for revenue growth and better customer experiences that are often not possible with obsolete or nonexistent equipment solutions. The only real art to equipment purchasing is to find the right broker to make a need a reality.

Here to help
you **grow.**

Talk to us today:
612.250.6682 | www.financialpc.com

