The True Cost of Not Leveraging Equipment Financing

Why Paying Outright Can Hold Your Business Back

The Hidden Price of Paying Cash for Equipment

Many businesses assume that buying equipment outright is the most financially responsible choice. However, **tying up capital in large equipment purchases can create hidden costs that limit growth, cash flow, and financial flexibility.**

The Real Costs of Not Using Equipment Financing

Capital Drain & Missed Growth Opportunities

• Spending **tens or hundreds of thousands upfront** depletes working capital.
• Less cash on hand means fewer opportunities to **invest in marketing, hiring, or expansion.**
• Businesses that finance equipment can keep **reserves for unexpected costs or new business opportunities.**

Maintenance & Repair Surprises

• Routine servicing and unplanned repairs are ongoing expenses that must be covered in full.
• A single **major breakdown** can cost **up to 30% of the original purchase price.**
• Without financing, these expenses **come out of pocket,** putting further strain on cash flow.

Depreciation & Loss of Value

• Most equipment **loses 20-40% of its value** in the first year.
• Selling used equipment often recovers only **30-50% of the original cost.**
• Businesses that finance equipment can **upgrade more efficiently** without being stuck with outdated assets.

Operational & Compliance Costs

• Safety training, certifications, and inspections cost thousands annually.
• Software upgrades and system integrations **increase long-term ownership expenses.**
• Financing helps businesses **manage these costs** while keeping up with evolving industry standards.

Lost Financial Flexibility

• Paying cash reduces **liquidity,** making it harder to cover unexpected expenses.
• Businesses without financing **may struggle to adapt** to changing market conditions.
• Flexible financing solutions allow businesses to preserve cash while acquiring the equipment they need.

Real- World Example: The High Cost of Paying Cash

A growing construction firm paid **$500,000 upfront** for new heavy machinery.
• After 5 years, the equipment was worth only **$150,000** due to depreciation.
• Repairs and maintenance **cost them an additional $75,000.**
• If they had financed the equipment, they could have preserved capital, reinvested in growth, and avoided a major financial drain.

Think Before You Pay Cash!

Evaluate the total financial impact before making a large equipment purchase. Use equipment financing to preserve cash, protect cash flow, and fuel growth.
Need a better financing solution? Contact FPG today!