

# Equipment financing: A nimble and profitable sales tool

A seasoned sales professional can usually offer the customer an optimal technology solution and effectively coordinate its delivery and installation. But when it comes to identifying the means to pay for it, even the savviest sales executives would rather let the customer answer that question...and it's often left unspoken until you're well into the sales cycle.

Offering extended payments from a reliable financing resource—at the onset of the sale—provides a practical answer to the “How?” question, which leads to a host of benefits for both you and the customer. By coming to the table with a technology package complete with financing, you stifle the silent deal-breaker before it's even presented.

**Stifle the deal-breaker before it's even asked by offering extended payments to pay for your new equipment solution.**

This immediately allows your customer to focus on the value of your solution rather than its cost. And the value of that solution becomes much more powerful when its features aren't limited to a budget bound by cash or bank lines of credit – whether they be yours or the

customer's. Here's a closer look at how your deal can unfold – with a profitable outcome – when financing is part of the mix.

## 1. CFO speak, simply put

At some point in the process, an equipment acquisition will be reviewed by the CFO, whether or not you have a chance to be there. Customizing a finance plan to the client's budget and technology needs takes the buying decision from an upfront cost analysis to a “dollars-per-

## Three critical questions your customer needs answered to close the deal:

1. What solution do I need?
2. When will it be implemented?
3. How do I pay for it?

month” analysis; it's an easy concept for everyone. So, the chances of closing a sale can be significantly improved by offering extended payments – regardless of the cost of the system or its “review board” – as it becomes a monthly budget consideration instead of an unwanted debt.

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## 2. 100% financing plus a total solution

Zero or minimal down payments are typical with financing, thus removing the initial down-payment roadblock for your customers. Additionally, a financing program allows the customer to bundle hardware, software, shipping, installation and training costs –plus maintenance plans—into a single monthly payment schedule. This capability makes it easier to sell products, upgrades, add-ons, and simplifies the payment process, as well.

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## 3. Exponential flexibility

Compared to a purchase made with cash, credit, or traditional bank loan, this feature of equipment financing can offer potential benefits. First, financing programs can be customized to meet a customer's cash-flow needs with seasonal payment structures and flexible terms (typically 24 – 60 months). By offering a Master Lease and/or end-of-term options, you can help your customer achieve both long- and short-term goals, while expanding their buying power that can lead to a larger sale.

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## 4. Keeping current, staying profitable

By definition, an equipment purchase is final, which presents closing risks on both ends of the deal. Your customers' concerns of upfront cash outlay and fears of being trapped with obsolete equipment are easily solved with a financing program. Providing them with the ability to

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upgrade solutions as technology evolves not only allows your customers to be more nimble and competitive, but also creates another opportunity to modify, enhance or expand their system in the future.

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### 5. Preservation of time and borrowing capacity

Financing can allow your customers to preserve their borrowing capacity, eliminating the need to tap credit lines or seek new loans to acquire the equipment. This alone brings peace of mind to the customer, while shortcutting their legwork and streamlining the sales cycle for you, too.

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### 6. Field sales and in-house contract support

The right financing resource allows your sales team to leverage a skilled team of field financing experts, including credit underwriters and documentation specialists. This resource helps to position you as the industry expert who can deliver a comprehensive solution, while freeing up your time to develop other business opportunities.

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### 7. Reduce your accounts receivable

Financing can allow a business to realize the cash from the sale of the equipment in a significantly shorter timeframe—often 24 to 48 hours after delivery of the product – thereby

decreasing a company's "Days Sales Outstanding" ratio. This allows a business to preserve its credit lines for other investments and initiatives.

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### 8. Potential tax benefits

Some businesses may deduct monthly lease payments as an operating expense, thus reducing the net cost of the contract. Trade in the unusable depreciation for lower financing rates, while retaining the option to own the equipment at the end of the term.

In summary, offering your customers reliable capital and the critical resources of a trusted financing firm creates a powerful sales opportunity. And choosing a financing professional with industry expertise can lead to a quicker close and advantages to both the equipment buyer and seller.

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### For more information

Key Equipment Finance provides customized direct funding and financing expertise to manufacturers, dealers, resellers and distributors in multiple industries to help them close deals faster. To learn more about Key's vendor programs and lease finance programs, contact your Equipment Finance Officer today.

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