Equipment financing: A fast, profitable sales tool

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?

The first two questions are no-brainers, right? 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 partner—at the onset of the sale—provides a quick, easy 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 technology solution.

This immediately allows your customer to focus on the value and productivity of your solution rather than its cost. And the value and productivity 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 – quickly and profitably – 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-month" analysis; an easy and lucrative concept for everyone. So, the chances of closing a sale are 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 immense debt impact.

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 and add-ons, and simplifies the payment process, as well.

3. Exponential flexibility

Compared to a purchase made with cash, credit, or traditional bank loan, this feature of equipment financing is packed with potential. First, financing programs can be easily customized to meet a customer's cash-flow needs with seasonal payment structures and flexible terms (typically 12 - 64 months). By offering a Master Lease and/or end-of-term options, you play an instrumental role in helping your customer achieve both long- and short-term goals, while expanding their buying power that can lead to a larger sale.

4. Keeping current, staying profitable

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

5. Preservation of time and borrowing capacity

Financing allows your customers to preserve their borrowing capacity, eliminating their need to tap their existing credit lines or seek new loans from their bank to acquire the equipment – a process that can be long and difficult in today's lending environment. This alone brings peace of mind to the customer, while shortcutting their legwork and streamlining the sales cycle for you, too.

6. Field sales and in-house contract support

The right partner allows your sales team to leverage a skilled team of field financing experts, credit underwriters and documentation specialists to navigate complex structures and provide technical acumen to meet the customer's needs. This "one-stop-shop" resource positions you as the industry expert who can deliver a true total solution, while freeing up your time to develop other business opportunities.

7. Reduce your accounts receivable

Financing allows your 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 you company's "Days Sales Outstanding" number, which directly reduces your receivables. This fortifies the balance sheet by allowing your business to preserve its credit lines for other investments and business initiatives.

8. Potential tax benefits*

Some businesses are able to deduct monthly lease payments as an operating expense, thus reducing the net cost of the contract. Additionally, certain financing structures enable a business to optimize equipment-related tax benefits such as Mid-quarter Convention, Section 179 and 50% depreciation. Or 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 partner creates a powerful opportunity. And choosing a partner with industry expertise – in both equipment financing and a broad range of assets – leads to a quicker close and many profitable advantages to both the equipment buyer and seller.

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 by delivering optimal asset financing solutions to their customers. To learn more about Key's vendor partner programs and how a lease finance program can benefit both your business and your customers' equipment acquisition experience, contact your Key Equipment Finance representative today.

To learn more:

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