

KEEPING YOUR BUSINESS MOVING FORWARD THROUGH BREXIT



Smart equipment finance is found in the detail

by Roy Royer, head of business development for Somerset Equipment Finance

The constant cloud of uncertainty that has immersed the UK since we voted to leave the EU has had a negative impact on how some businesses are approaching investment. Attitudes are becoming increasingly optimistic, although remaining cautious about what Brexit will deliver. While many are still hopeful for a positive outcome and a stronger Britain, there are still legitimate fears that naturally come with the unknown.

Continuing to move forward in uncertain environments requires innovative ideas, a skilled workforce and quality equipment. The expense of acquiring and running revenue producing commercial equipment is quickly outpacing capital budgets and to maintain a competitive edge in the global marketplace, your customer contracts must have a greater level of flexibility and incorporate various options for ever evolving consumer needs. Finding a solution which enables your business to strike a balance between short term and long-term equipment finance, brings into focus the challenges some UK businesses are faced with.

It is a natural reaction for businesses to pull back in times of uncertainty, as they weigh up long term investment, with only short-term certainty, but some specialist equipment-driven finance companies can move beyond these issues and competitively handle your short and long term needs with maximum flexibility, preserving cash and enhancing cash flow during even the most severe uncertainty.

SHORT TERM USE OF LONG TERM EQUIPMENT

Similarly, have you ever decided to turn down a new project because it seemed like more hassle than it was worth?

Many businesses have declined to work on potentially fruitful, short-term orders because the prospect of buying new equipment to fulfil the contract can feel too much of a risk. Companies sometimes underestimate the positive financial benefit that a short-term order could generate for the business. For example, a 12-month contract could grow into one that extends year on year or could result in more successful orders.

Understanding the benefits of rental-focused finance, can determine if a flexible finance option could help you become a more profitable business.

CONSIDERING RENTAL

This option will undoubtedly offer your business the most flexibility. Whether you have a short-term contract to fulfil, a seasonal surge in warehouse activity or maintenance replacements, a rental option can offer you a budget friendly flexible solution when acquiring vital equipment, and you will also have the option to return the equipment when the short-term situation expires, or the ability to extend if needed.

COMMITTING TO THE LONG TERM

At the other end of the spectrum, if you can commit, thinking long-term is the most cost-effective way to acquire new

equipment. By purchasing machinery outright or considering equipment leasing options for a minimum of five years, you can dramatically improve cash flow and cash position.

But what if this situation doesn't apply to you? What if your business only works on short-term projects and you currently have a customer contract for only 12 months? What if your temporary increase in volume is starting to seem a little less temporary but not quite permanent? Choosing to own all of your equipment in addition to cash flow and other problems could be an expensive mistake.

Leasing from a financial services company and bank loans are more affordable ways to acquire the assets that you need, but essentially deliver the same 'long term' ownership for a 'shorter term' situation, with both options requiring full repayment of the total cost of the equipment.

So, how can you strike the right balance for your short and long-term needs?

THE SOLUTION

When considering equipment finance, it is essential to choose the option that allows you to manage your equipment needs more efficiently. Today's market no longer calls for a one size fits all solution.

But there are a few equipment-driven leasing companies that break the mould. We understand that budget challenges and fluctuating equipment usage can disrupt the smooth running of operations and profitability. Offering solutions for a wide variety of needs across a wider variety of commercial equipment, we can match your lease to a shorter customer contract or offer you with the financial benefits of longer term leasing with flexible return provisions.

Whether you are looking for a cash-flow friendly approach to the short-term use of long term equipment or longer-term leasing options, we always partner with our customers to deliver a more intelligent approach to financing. Somerset Capital have been providing complex, tailor made solutions globally for over 30 years, whether you are considering rental, short-term leasing, long-term leasing or something in between, we will find a way.

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