

By Tom Herlihy

# Could LEASING be the Answer?

In a tough economy, align your business with trusted partners

**L**et's face it: *It's getting tough out there. Consumers are keeping their wallets closed, and the businesses you are focusing on might be struggling to make ends meet.*

A recent survey of small businesses uncovered two important facts: 70% expect business to slow, and most of those expect to increase use of equipment leasing to help deal with the slump. It is no coincidence that these two facts go hand in hand. Leasing frees up funds for cash-starved businesses and extends financing where banks may not. During downturns, traditional lenders tend to tighten credit standards.

Uncertainty is a factor in the decision to lease, and this has never been the case more so than it is today. But now is actually a better time to lease than we have seen in the past. With revenues and earnings down, everybody wants to preserve cash. A lease allows your customers to obtain something they need without a large capital outlay, and leasing helps your customers to say yes even when the banks may say no.

## Leasing in the Water Industry

From a water dealer's point of view, if you are able to partner with a solid and experienced leasing partner, the benefits of selling a lease include:

- Immediate funding of the purchase upon confirmed delivery of the product;
- No billing or collection responsibilities;
- You are able to focus on selling; and
- You avoid discounting your product so you can maintain your full profit margin.

The magnitude of the implosion of our country's financial institutions has also impacted the leasing industry. Everyday, industry players are forced to exit the market because they lack the cash, financing and expertise to survive the current challenging environment.

So while now is the time to take advantage of leasing in order to grow your business, how

do you find a dependable and financially viable partner that will not abandon you when you need them the most?

It is critical to examine the track record of your potential leasing company to determine the following:

- Are they well capitalized?
- How long have they been in business?
- Are they familiar with the water industry?
- Do they handle large volumes of microticket deals (less than \$15,000)?
- Will they accept a wide range of credits?
- Will they fund consumer and commercial deals?
- Are they a public company with transparency of their financial condition?
- Do they value quick deal turnaround or do they take their time making credit decisions?
- How quickly will you be paid?

The good news is that a large growth area for water dealers today is leasing for the consumer market. The bad news, however, is that at one time there were very few leasing companies offering consumer leases—now there are virtually none.

This is why it is important you find a leasing company that provides several flexible consumer lease programs specifically for the water industry. There are more restrictions in this market than with commercial transactions, but a valuable leasing company will be easy to work with and communicate the program guidelines in a straight forward manner.

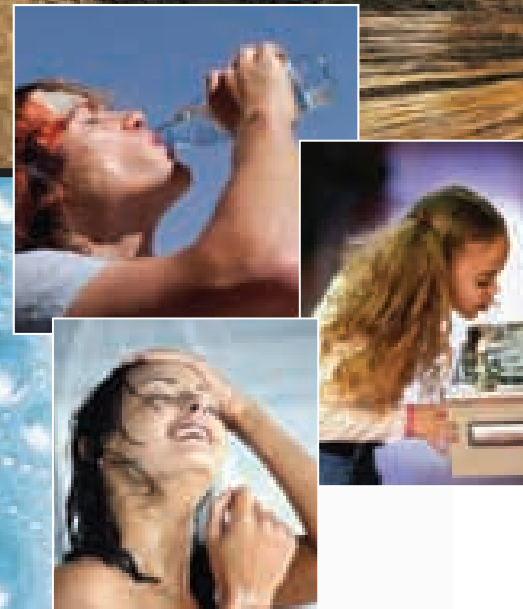
There is no doubt that leasing creates huge opportunities for water dealers today for both commercial and consumer transactions—as long as you have the right leasing partner behind you. *wqp*

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