

WHY THE SUPPLIER OFFERS LEASING

A supplier, who not only sells and maintains equipment but also offers ancillary products and services, including finance, will be providing a more substantial and valuable option than a competitor who cannot offer such a wide range of solutions. Finance should be treated as simply another product line alongside maintenance, training, installation, consumables, supply and consultancy. Through the provision of all related products and services in a single package, a strong corporate image is established.

The benefits to the supplier are:

Improves Cash flow

A supplier does not have to finance a sale out of cash resources by giving the customer 30 days to pay, but instead can offer the product with finance and be paid when the equipment is delivered. This will reduce the interest charges the supplier would otherwise have to pay if he was financing the customers credit terms.

Reduce credit risk

A supplier does not need to be concerned about credit ratings or prompt payment; each transaction is a cash sale to the leasing company. The leasing company is usually an undoubted credit and will pay on receipt of correctly completed documents - the perfect customer!

Increase possibilities of future sales

The customer who leases equipment is far more likely to consider an early change - opportunities exist to generate repeat business. Ongoing opportunities for the supplier will help grow his business.

Long term maintenance revenue

Where maintenance is incorporated into the lease and rental payments include an amount due to the supplier, maintenance revenue accrues to the supplier from the outset and not when the manufacturers warranty runs out.