Essential questions before purchasing used equipment

BY JOHN MORGAN

s is the case with most business decisions, determining the who, what, where, why and how of a used equipment purchase is vital to making a sound assessment of your options. By asking yourself these five essential questions, you will be better prepared to choose the most appropriate, effective and efficient solution to your equipment needs.

Many machines that were not obtainable several years ago are readily available now, providing today's equipment purchasers with many more options than in prior years. Determining your exact equipment needs as best as possible before beginning to shop will help you avoid letting your wants overcome your needs. By considering utilization, both in time and dollars, you will greatly reduce the risk of purchasing the wrong equipment.

If the capital required to purchase and maintain the machine outweighs the potential profit generated by its role in current and future projects, continuing to source the machine through a rental partner is the smart decision. However, contractors should make a purchase if the unit they are considering is a production machine, that is, one that makes the contractor money.

Where can I research?

With the real-time information and technology that is available, today's equip-



ment buyers have the opportunity to become as well versed in pricing, specifications, service and maintenance as they wish. The Internet is a great place to start. By visiting equipment manufacturers' websites, you can gather specs and option information that will help you determine your needs. (Be careful, this is where it can be tempting to let those sneaky wants creep into your decision). Many other sites offer used equipment for sale or auction. Embrace technology, because being informed is your best asset when it comes to negotiating an equipment purchase.

The number of outlets selling used equipment is as large as the equipment options are broad. Equipment distributors, rental companies, brokers, contractors and auction houses all offer used equipment. Determining from whom to purchase used equipment typically comes down to two things-trust in the seller and the machine's

Because most used equipment is sold as-is, you will quickly find that there are no two machines exactly alike. While two used machines may only be one serial num-

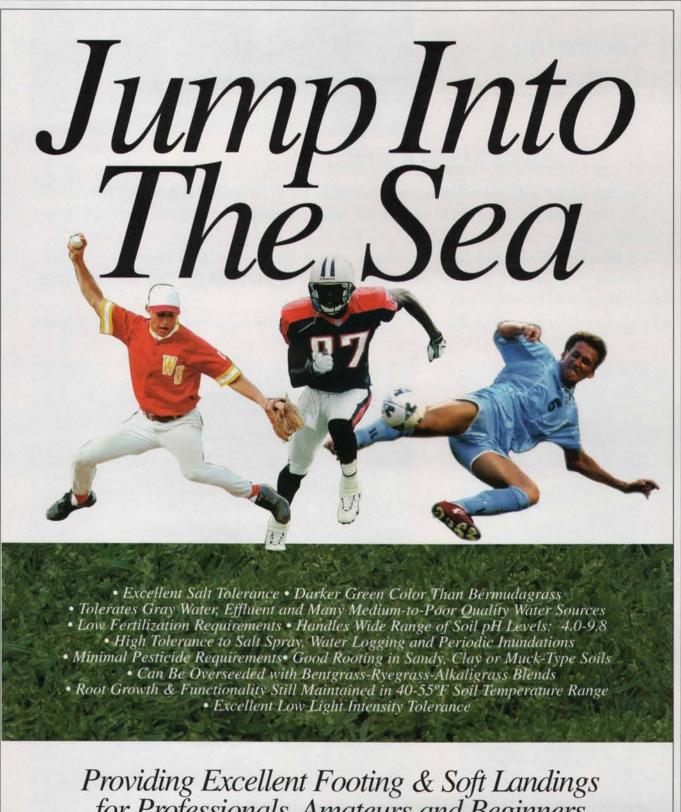
ber apart, the value of each machine can be thousands of dollars apart. The more information you can find out about the machine, the more apt you are to determine its value. If the machine's maintenance records are available, take advantage of the information. It will help you determine whether or not the machine has been well taken care of, as well as all repairs that have been performed on it over the years. The former owners' information is valuable as well. I recommend contacting each previous owner to ask which applications the machine has been used for over the years. The fuzzier this information gets, the more due diligence you must perform. It's always a good idea to perform oil tests and to have the machine inspected before you purchase.

How do we pay?

There is no question that used equipment transactions are much simpler in the eyes of the seller. Most transactions are as-is, where-is, and the machine is paid for before it is turned over to the buyer. Certified checks and wire transfers are the vehicles of choice for used equipment purchases, so you'll want to be prepared to make these arrangements. There are many secondary leasing companies that finance used equipment, but this needs to be arranged well in advance of the purchase. If you are buying from your local dealer or rental company, and have an open account, most times you can charge the purchase as long as your credit line supports the amount. If you purchase at an auction, a letter of credit is required by the auctioneer before bidding.

Purchasing equipment is an important decision, one that has the potential to do both harm and good for your business. Being as informed, diligent and prepared as possible before scouring the ads is my best advice. Just keep asking yourself the who, what, where, why and how, and I'm confident that you'll have a good experience. ST

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