
5 Negotiations That Save You Money on Equipment Leases

While companies slug through this financial crisis, their equipment ages, frequently breaks down and needs replacement. Business owners and customers want technology that runs faster and leaps tall buildings in a single bound.

How do you pay for these Superman wonders? What financing is best for your business?

After you decide to replace the five-year-old "antique" digital press, add new production capacity or update your computers, you enter the confusing finance world. Traditional payment options are cash, the bank or leasing.

What's right for your business? You want to invest your money wisely. No surprises! No "gotchas."

Five negotiations in every equipment decision will save you money.

1. Equipment Cash Purchase Price. Focus on the right equipment, not the monthly payment. Keep your eye on the total cash purchase price. Every \$1,000 discount reduces the lease payment. The lease negotiation is the fourth step not the first. To receive the biggest discounts, negotiate as if you are a cash buyer.

2. Trade-In. Check out used equipment dealers, online sites or talk with industry experts to determine values. Face the hard facts. The used market is flooded with equipment, so don't expect much for yours. Do not mix the trade-in negotiation with the new purchase.

3. Existing Lease. If you still owe on the old equipment, negotiate the payoff yourself. Do not allow the new equipment supplier to negotiate with the incumbent leasing company. Early termination payoff discounts may be possible if you negotiate yourself. Reread the old lease contract to uncover possible discounts.

4. New Equipment Lease. All leases contain "Gotchas." All leases are negotiable, if you only ask. If you are uncomfortable negotiating complex lease lingo, find an advocate to negotiate for you. The negotiator who will save the most money will be familiar with your equipment, current market lease rates and equipment lease contracts. After ink is on paper, options shrink.

5. Maintenance Agreement. Some leasing companies bundle the lease and maintenance costs into one payment. This can cloud early lease buyout and termination payoffs. Keep maintenance payments on separate contracts. Ask questions if service is not satisfactorily defined.

Mary A. Redmond

Mary A. Redmond, The FearLess Negotiator, works with business professionals who want to become stronger negotiators. After attending one of her workshops or coaching sessions, clients feel more confident in stressful business situation whether they need to close bigger and more complex sales, secure the perfect new job, ask for that well-deserved raise or improve communication with their colleagues, bosses or families.