

BEYOND FINANCE

CUTTING EDGE RESEARCH AND INSIGHT FROM BNP PARIBAS LEASING SOLUTIONS

HOW TO FINANCE YOUR FORKLIFT: FOUR REASONS IN FAVOUR OF THE LEASING MODEL



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As featured in *LOGISTICS BUSINESS*



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1. ACCESS TO THE LATEST TECHNOLOGY

The materials handling sector is an increasingly competitive environment. New technologies can give businesses that all important edge in the market – but they don't come cheap. For some businesses, this means doing without the necessary equipment or upgrades until they can afford it. However, delaying crucial investment can affect your business' growth potential and impact its efficiency.

Leasing allows you to access the technology that is best-suited to your business at an affordable rate. New and top of the market technologies are usually more cost-effective to run than some of the older or cheaper models and a lease agreement means you'll be able to afford all the benefits of these high quality forklifts.

A very important, and cost-effective, advantage of leasing rather than buying, is that you can upgrade your forklift to a newer model at the end of the contract. In other words, you are never stuck with an obsolete piece of equipment and your productivity levels will not be hampered by an old, tired forklift.

2. FLEXIBLE PAYMENT OPTIONS

With leasing, you can choose the payment period that is right for you and your business' budget. The leasing model allows you to structure the deal to match your cashflow. For example, if your revenue cycle operates quarterly, your lease repayments can be made quarterly too.

By the time your contract has completed, your business' needs may have changed. Your operations may have expanded or your strategic direction may have shifted, resulting in changes to warehouse dimensions or the lift capacity required by your forklifts. At this point, you can return the equipment and sign a new lease agreement to access the forklift that meets your current requirements.

3. HELPS YOU MANAGE YOUR BUDGET

A lease agreement enables you to plan your budget with confidence and accuracy. Maintenance costs can be wrapped up within the payments and you won't be caught on the back foot with any unexpected expenses. As a result, cashflow remains healthy and capital is freed up to allocate to other investments that could help grow your business.

In a lease agreement, all costs, including VAT, are spread out across the contract. These costs are fixed and predictable, helping you plan for the future with greater clarity and protect your business from unforeseen economic swings. What's more, your repayments don't affect your lines of credit with the bank which means your borrowing power for other investments is unaffected.

4. MAINTENANCE IS COVERED

If you own a forklift, then you are responsible for its upkeep and maintenance costs. No matter how well you look after your equipment, unplanned repairs can occur outside of your maintenance schedule. This unexpected downtime is unproductive and can be very expensive.

A lease agreement can factor in maintenance so there are no surprise costs. This is often referred to as a contract hire agreement, which can take care of equipment delivery, servicing and repairs. If your forklifts are going to be worked hard throughout the year this can be an important benefit for managing the lifetime cost of a forklift.

Next time you need a new forklift, consider leasing it rather than making an upfront purchase, and gain the perks of access without the burden of ownership.



A forklift is an expensive piece of equipment, but one that logistics businesses can't do without. The question is: should you lease one or buy one? Outright ownership may seem like a straightforward option but it can tie up your resources and put pressure on your cashflow. Leasing however, enables you to spread out the cost of the asset and even hand over responsibility for upkeep and maintenance.

Here are five compelling arguments for why leasing forklifts makes better business sense.

By Tristan Watkins
CEO, BNP Paribas Leasing Solutions UK

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