An Age Old Debate

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If you have the money to invest in equipment, use it.

Anna Wells, Editor, IMPO

"While many rely on leasing programs to provide more flexibility, I'd argue that purchasing equipment creates a different type of flexibility." **-Anna Wells**

In this segment, our editors square off on timely issues relating to industrial maintenance and plant operation. The editorial staff would like to stress that we are not intending to specifically endorse any one viewpoint, however our intent is only to encourage dialogue by showing a point-counter-point on contentious issues

Lease vs. buy: This is an old debate-- one I first had with my dad when I was 16 and wanted a car that I couldn't actually afford.

While the variables are dramatically different in the industrial equipment realm (I assume our readers aren't leasing equipment to look cool in front of their friends), there are still some basic points to consider before becoming entrenched in an ambitious leasing program.

One, there are certain situations where leasing is advantageous, and some scenarios where it may not be.

While many rely on leasing programs to provide more flexibility, I'd argue that purchasing equipment creates a different type of flexibility: Considering we're in an economic downturn, it's not outside of the realm of possibility that orders might slump over the upcoming months. Owning equipment, while it requires a higher initial investment, also means that you'll have an asset, and something which you can sell. Perhaps, in response to rapidly changing market conditions, you must look towards customization of your products or services, thus eliminating the need for some equipment. You could wind up tied to a lease payment for longer than you need the equipment.

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[1]

Another key consideration is personnel. While many distributors of industrial equipment offer training programs, or outsourced maintenance services, as part of their value proposition, there is still a time benefit that comes with having a maintenance team, in-house, and dedicated to a piece of equipment they fully understand. In an industry where seconds of downtime can mean critical production losses, there is something to be said for keeping a team in place with long-term know-how.
Finally-- and this was my dad's favorite, most consistent point all those years back-- leasing costs more. If you have the money to invest in equipment, use it. While leasing might free up funds for other ventures in the short-term, in the end, you're paying for that privilege. For many companies, having the capital to play around with makes a leasing program well worth it. But for others, its an unnecessary buffer. Make sure you know your needs before making the choice.

Click here to read IMPO Assistant Editor David Mantey's take on leasing vs. ownership. [2]

Comments? Email *IMPO* Editor, Anna Wells: anna.wells@advantagemedia.com. **[3]**

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