

How to Ensure Your Investment Leads to Profit

Stretched from fuel to insurance to employees, your business expenses are growing in many directions. Profitability depends on smart decisions in all of these areas, but equipment investments are especially challenging with the thousands of combinations that exist in the marketplace.

An investment in a chassis and equipment that is not quite right could be costly, while the right choice could take your business and your profits to a new level.

Do you track and regularly evaluate the true cost of running your current equipment? Have you studied your call mix to be able to match your equipment choices to your forecasted needs? If so, you're better prepared to make a purchase that will be most profitable for you.

To come up with the best vehicle for your situation, it helps if you prioritize your needs and do some research based on the factors most important to you.

Road service contractors and industry contacts can be good, hands-on sources of information. Trade publications and the Internet allow you to cover a lot of ground in researching equipment and chassis specifications on your own turf and time schedule. By educating yourself, you'll be sure of exactly what you're getting for your money.

When it comes to making the actual purchase, there's nothing like the expertise and one-on-one coaching you'll get from a local distributor who will help you understand the different types of bodies and optional equipment available. The choices can vary dramatically, which could impact the cost of the outfitted vehicle by thousands of dollars. A local salesperson can walk you through these to be sure that everything is included in a quote, so



you're not caught off guard.

"Gaining a consultant is another advantage of having a relationship with a local distributor," according to Randy Olson, vice president of marketing for Miller Industries. "Once a distributor becomes familiar with your business, he can recommend equipment and products that best meet your needs, help minimize downtime, and work with you to solve problems and get needed parts quickly," Olson said.

"Find a local distributor," encourages Olson, "who appreciates the fact that your service is a perishable product. Someone in need of road service can't wait. If a truck is down, you lose customers. You need to be able to rely on the timely service of a nearby distributor to keep your trucks rolling and your business running."


When it comes to financing, familiarity with your business, again, can work in your favor. Doing business with a lender who understands your profession and speaks your language often will yield rewards in terms of better interest rates or special terms. "Above all, base your financing choice on the big picture," recommends Michael Paez, Senior Vice President, Sovereign Bank. "An attractive interest rate is just one aspect of what goes into the overall cost. Business owners have to look at

the affordability of the entire vehicle, including insurance, fuel and maintenance costs."

"Another way to come out ahead," according to Paez, who has been financing tow companies since 1980, "is to separate the financing part of the transaction from the actual vehicle purchase negotiations. Also, be very selective when applying for financing. Submitting a credit application to multiple vendors and lenders resulting in numerous inquiries may lead to a lower credit score."

One last word on financing from Paez: "Lenders will look at the personal credit history of a small business owner, which can work for or against you. Protect your individual credit profile and be aware of unresolved collection items."

A federal law established in 2004 and effective nationwide as of September 2005 entitles all consumers to one free credit report annually. Go to AnnualCreditReport.com to get yours.

The decision to expand your fleet or replace a vehicle is going to cost you — but you control the true cost in the long run. Make your investment the asset it can be! 

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