



WEIGHING THE OPTIONS

When to rent, lease or buy floor care equipment

by Terry Watson

Next to employees, equipment is an essential part of a cleaning operation. It's also a major upfront expense if a facility manager/building service contractor chooses the traditional route of straightforward purchase. In many cases, short-term rental and long-term leasing may offer a more cost-efficient method for accessing this cleaning necessity.

To determine the most suitable option, it's important to consider the pros and cons of each, as well as the facility/business's budget, specific client/facility needs and any unique constraints since there's no one-size-fits-all approach.

OPTION 1: RENT

Facility managers may want to con-

plate renting some or all of their floor cleaning equipment on an as-need basis when use is infrequent (less than a handful of times per year). For instance, renting may be the best option if the building exterior or parking lot is swept just once a quarter. Renting is also ideal for annual deep cleans, such as spring cleaning.

Money saved from making a significant capital outlay on equipment that's not really needed can be put towards upgrading existing models (if any) with more advanced features. Renting also offers a company flexibility, allowing it to easily adapt to business fluctuations, and, depending on a company's financial strategy, rent payments can be considered an operating expense, which is a key advantage given lease regulation chang-

es. Rentals can also usually be delivered to the worksite.

For building service contractors, renting may be a way to avoid paying for equipment storage if contract circumstances change. Additionally, if the rented equipment is only needed for a single, specific client, the rental cost can be built into the contract.

Renting also offers the opportunity to try out a piece of equipment before buying. Keep in mind that newer models may not be readily available, so check dealer inventory in advance.

OPTION 2: LEASE

Leasing equipment comes with distinct advantages, as well. This method doesn't usually require a deposit (as is

often the case with renting) and involves making regular payments, which becomes a fixed expense that is easily added to a facility/business's budget. Some lease agreements may offer an option to purchase the equipment at the end of the term, either at a set price or current market value. However, keep in mind that sales tax will be added to the purchase price, which could amount to a significant cash outlay.

A downside is that the lessee may be responsible for repair and maintenance of the equipment. However, with most leases, it's possible to upgrade from one model to another if experiencing problems with a specific model or brand, or if the facility manager/building service contractor simply wants to incorporate new features into their cleaning regimen.

Should equipment be no longer needed, the lessee may also be stuck in a multi-year lease that's impossible to get out of. In addition to regular payments, the facility manager/building service

contractor will continue to be responsible for the cost of insurance, personal property taxes and fees for damages to the equipment.

OPTION 3: PURCHASE

Purchasing equipment is probably the best option if it is used daily and needs to be readily available. Ownership allows operators to become highly familiar with the machines, which increases productivity. Purchasing the equipment outright also enables businesses to take advantage of tax deductions from interest, depreciation and maintenance costs.

However, it's much more difficult to upgrade to a different model after purchase than if renting or leasing. To do so, facility managers/building service contractors may have to sell existing equipment below market value to offset the cost of a new item. Another drawback is that ownership comes with repair and maintenance responsibilities as well as associated costs. Building service contractors are all responsible for transporting equipment to and from client facilities (and will need the necessary vehicles to do so), unlike rentals that can usually be delivered to the jobsite. /

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