

Careful Buying of Equipment Will Help Your Business

Written by Steve Marr

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When starting up a new business, or making a large capital investment, carefully determine your actual needs before placing an order. The apostle Paul wrote, "My God shall supply all your needs according to his riches in glory in Christ Jesus" (Philippians 4:19, NASB), but often we confuse our wants and desires with true needs, a mistake that can sink a business, regardless of how long it's been around.

Mary opened a bakery by investing nearly \$250,000 in new equipment. She closed after five years, having barely paid for the high start-up costs and never making a profit. Joe, who operated a marginally profitable landscape business, purchased a \$45,000 deluxe pickup truck, complete with all the neat whistles and bells. The hefty loan payment pushed his business into the red and he was forced to go to work for someone else. The tragedy was that a \$10,000 used pickup would have done the job, limited Joe's debt, and kept him in business. When Bill opened a new restaurant, he financed the \$400,000 start-up equipment costs and needed \$6,000 a month just to cover his lease expense. Nine months later, he was bankrupt, largely because of the equipment debt. At the bankruptcy sale, Sue and Richard bought the business lock, stock, and barrel for only \$60,000 cash. By taking over the property lease and making a few modifications, they were able to operate a profitable enterprise, largely because of the much smaller investment required.

Several factors can keep us from focusing on our basic needs. In our humaneness, we can easily get caught up with "wanting" something just to keep up our image. Unfortunately for Joe, wanting the new truck with all the upgrades pushed his business over the edge. The pride of ownership, the desire to show the world how well we are doing, can cause us to make unwise choices. King Solomon wrote, "When pride comes, then comes dishonor, but with humble is wisdom" (Proverbs 11:2, NASB).

Carefully define your needs before you go shopping. Evaluate the jobs that need to be done, and determine the type of equipment required. Don't buy new if used or refurbished equipment will do the same job for less. Shop carefully when considering used equipment to make sure it is up to the task. You may need to do some research and be patient, but the savings can be substantial. For example, a commercial restaurant stove, oven, and fryer that cost \$50,000 new, sold on eBay for \$4,000. The equipment needed cleaning and was located in a neighboring state, but the savings more than paid for the all-day trip needed to pick it up. Also on eBay, a nearly new refrigerator/freezer unit sold for half the price of a new one. A stainless steel food preparation table that cost \$1,000 new sold for \$175. Additionally, silverware, cooking utensils, plates, coffeemakers, and other supplies are often available at low prices. I would not advocate

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buying used equipment only because of a low price, but if it's in good shape and does the job, it can be a wise investment. The Internet offers a great way to search quickly for lower-cost options and used equipment. Trade publications often list equipment for sale as well as the names of dealers who carry secondhand products. Almost anything can be acquired used if you invest the time.

Used equipment is not just for startups. For many years, a company I was associated with had a standing order to buy all the used file cabinets that our office supply vendor received. Over the years, we saved thousands of dollars while meeting our storage needs. When the Tucson Gospel Rescue Mission needed to expand its facilities, they located used modular housing units that saved thousands of ministry dollars.

Fear of buying an unknown product can be a deterrent, especially if it's secondhand. Be careful to exercise due diligence. King Solomon also advised, "The naïve believes everything, but the prudent man considers his steps" (Proverbs 14:15, NASB). Check out equipment thoroughly and obtain any warranties or guarantees in writing. If necessary, hire an expert to help you. If you can buy a \$50,000 cooking system for \$4,000, you can afford a few other expenses.

Steve Marr Your Christian Business Coach