

Equipment Vendors intro to National Machine Tool Financial

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In today's economy a lot of businesses can't afford to make a major capital investment on equipment they might need. This is where it's in the best interest of the manufacturers and distributors to help their customers acquire equipment through financing. The potential customer might not have \$100,000 equipment investment in the budget, but they could have \$1,500 per month in the budget. National Machine Tool Financial has been the leading outsourced captive finance company since 1986. National offers equipment vendors a very flexible approach when it comes to offering financing for their customers. For example, National Machine Tool Financial offers:

- A referral program. The manufacturer may have business cards of three or four leasing companies. If the customer wants to finance the purchase, the salesperson gives these cards to the customer, and it is up to the customer to try to make the arrangements.
- A third-party vendor program. Here, the leasing company may have some reps specifically focused on the manufacturer's products. They also assist the manufacturer's sales reps in closing deals. There is no balance-sheet risk to the manufacturer.
- A "private-label" program. This is similar to a third-party vendor program; however, the leasing documents may have the manufacturer's name on them. In addition, the manufacturer doesn't assume any balance-sheet risk.
- A joint venture. Here, the leasing company and manufacturer form an equity joint venture with the sole purpose of providing financing services. Both companies can share in the profit, and they are both committed because both have equity invested. A potential downside for the manufacturer is that it may have some balance sheet risk depending on how the joint venture is structured.
- A virtual joint venture. If a manufacturer wants to do a joint venture, but doesn't want to take the risk on its balance sheet, the leasing company can set up the books and treat it as if it is a true equity joint venture. "It is a nice way to get the benefits of a joint venture, but without the time and cost associated with setting up a legal entity," at the end of the year, the books are reconciled, and the two companies share in the profits or losses.
- A captive financing program. This is for manufacturers that want to "jump in with both feet." Here, the manufacturer owns and runs the entire leasing business. "Manufacturers that offer this include Caterpillar, John Deere, Massey, Doosan, Haas, and others.. The benefits are profits. "IBM, for example, makes more than one billion dollars net after tax profit per year," he states. "Of course, if you don't run it well, you stand to lose a lot of money on credit losses."

If you would like to know more about our programs call Bob Lang at 800-669-7527 ext. 1210 or Chris Chiappetta at 800-669-7527 ext 1208