



SHOWCASE

News from the Canadian Association of Equipment Distributors

October 2004

Using Financing to Convert Your Rentals

By Tim Nixon, GE Commercial Finance

This time of year, rental conversions can often represent a large proportion of the equipment sales for many distributors. Converting rental purchase contracts into sales contracts is an attractive way to get many customers, -who may have lacked the down-payment required for new equipment- to now affordably purchase the machinery that they have been using. The customer has typically rented the equipment through the busy summer construction season on a 3 or 6 month contract, and many of those contracts are currently expiring. Distributors are presently contacting these customers to negotiate and finalize the conversion of their rentals into a purchase. The success of these efforts can often depend on the immediate availability of attractive financing for that prospective buyer.

Equipment distributors can take an active role in arranging financing for these customers and likely increase the chances of securing the sale. Negotiating the potential conversion of an equipment rental into a sale can often hinge on the financing alternatives available to their customers, and distributor facilitated financing can prove to be a significant advantage in closing the sale. For optimal results, it is critical that the distributor work closely with its financial partner to offer and arrange financing as quickly as possible.

In order for the distributor to effectively determine a viable financing solution for the customer, and to pre-establish the likelihood for a rapid credit approval, several key questions need be addressed. For example it should be determined if the customer prefers loan financing or leasing. If they finance, is their year-end approaching? Many customers have December 31st financial year-ends, and purchasing equipment before their year-end can be advantageous from a tax perspective. For the potential to get rapid credit approval, it is important to obtain the appropriate financial information, as well as information regarding the customer's work program and sources of revenue. The process of preparing for a sales negotiation should include these financing related issues, and will facilitate a more rapid and successful result.

In summary, distributors will play a varying role in facilitating the financing of their equipment, but whatever the role, it is important to remember that financing is often in the customer's mind and it can be a critical part of the sales process from the customer's perspective. Therefore, financing needs to be part of your sales process, particularly in rental conversions at this critical time of year. The earlier in the process you address financing, the greater the likelihood of securing the sale when the customer is ready.

GE Commercial Finance, National Programs Group, Canada, focuses on both the wholesale and retail financing needs of equipment distributors. For more information, please contact Tim Nixon, National Sales Manager, at 905-319-5160. GE Commercial Finance is a Gold Sponsor of the CAED and we are proud of our long standing relationship with this association.

IN THIS ISSUE:

Using Financing to Convert Your Rentals ...	1	CAED's Translation Service	3
Dealers Can Help Fight Theft	2	Increase the Return on your Company's Benefits Investment ...	4
Environment, Health & Safety Update	3	Insert/CAED 2004 Convention Highlights	

Dealers Can Help Fight Theft

By Jim Barnes, Editor, On-Site Magazine

Theft is a problem for everybody in construction. A few months ago, we surveyed our e-newsletter readers on whether they agreed with the statement, "Job-site crime has been getting worse as business gets better." A full 96 per cent of respondents agreed.

Organized crime is a growing factor in equipment thefts. Thieves are coming to Canada from other parts of the world with shopping lists of equipment to be filled.

Under normal conditions, only about 10 per cent of machinery without tracking systems is usually recovered. The loss of a piece of equipment is a big problem for the contractor -- not just in terms of money but also in terms of short-term productivity loss while the equipment is replaced.

What can you, as a dealer, do to help your customers? You can be an important part of the solution.

Encourage customers to report theft to you, together with serial numbers, and make sure the manufacturer is informed. Most manufacturers maintain databases of serial numbers and stolen equipment can be identified as it crosses borders. As equipment needing repair or used machinery passes through your shop, have the serial numbers checked as part of the service process.

Make sure that customers understand and use the security features included with the new equipment they buy. The most sophisticated keying or GPS technology in the world won't help the contractor if he forgets or doesn't know how to use it.

Showing this kind of concern for the security of their equipment can only build your relationship with the client.

What about your own inventory? Dealers, too, have known machines to vanish mysteriously -- especially the smaller pieces. Here are some tips:

- ? Use a tracking system -- GPS or cellular -- on your equipment. This is especially true for rental units, which are now being targeted precisely because they are less likely to be protected.
- ? Report thefts to the police as soon as possible to maximize chances of recovery.
- ? Keep fuel levels low on equipment that is not in use and lock it down.
- ? Leave staff in no doubt that theft will not be tolerated and that thieves will be prosecuted. Research your new hires -- get a CAPIC police report from job candidates, if necessary.
- ? Ask for and reward staff suggestions about security and theft: they are likely much more familiar with the opportunities than you are.
- ? Promote Crimestoppers among your staff. This national program lets them report theft of all kinds anonymously and possibly earn a reward.

Theft rates have started to drop on heavy equipment, notes George Kleinsteinber, equipment-theft consultant with the Ontario Sewer and Watermain Construction Association. For example, in 2002, 333 pieces of heavy equipment were stolen in the Toronto area. In 2003, the number was 386 -- but the quantity of construction equipment on the streets had nearly doubled.

"Units are still being stolen, but they tend to be rental units," he says.

For an overview of OSWCA's innovative program, visit www.stolenheavyequipment.com.

Environment, Health & Safety Update

By Allan-Paul Dane, EHS Committee, CAED

The CAED has been very busy with Environment, Health & Safety (EHS) lately and things don't seem to be slowing down anytime soon. The second EHS Seminar has come and gone, the new Guide to EHS Legislation is set to launch, and support has been approved for the first stage of a new EHS Department.

During the first week of October, the CAED hosted its second Environment, Health & Safety seminar in Toronto with great success. This informative and interactive event covered various EHS topics while focusing on two main objectives: the first was to draw upon the knowledge of experts to update members on current issues affecting today's industry, and the second, to allow industry members the opportunity to share and compare their knowledge and approach to EHS issues. Some of the topics included trends in legislation, industry best practices, WSIB claims management, lock-out procedures, hoisting, and due diligence.

The CAED's new "Guide to Environment, Health and Safety Legislation" was also introduced at the seminar in Toronto. This new user-friendly guide is designed to facilitate the access and understanding of the various Acts and Regulations affecting the equipment distribution industry. To access the guide, please visit the CAED website at www.caed.org. (Guide access by end of November)

Launching the "Guide to Environment, Health and Safety Legislation" is only the first phase in the CAED's plan to provide members with value-added, industry-wide EHS services. As such, the CAED is also pleased to announce that support has been approved for the first stage in the development of a new EHS Department.

Yes indeed, there has been a lot of EHS activity in the CAED recently and there is more to come. Since the creation of the EHS Committee in 2002, the CAED has recognized the industry wide need for improvement regarding EHS issues. High employee premium costs, increased legislation and enforcement, and the necessity to prove due diligence are but a few of the recurring forces that affect our industry's bottom line. Environment, health & safety is unique in the sense that it is not competitive. Companies benefit by working together, not against each other to reach a common goal – a safe and healthy workplace. As an association representing equipment distributors across the country, the CAED is proud to lead this initiative, an initiative to make our industry the benchmark for others to follow.

For any information regarding the CAED's EHS services please do not hesitate to contact us at 613-822-8861.

Mark your Calendar.....

Canada Day at AED Annual Convention

Join us for a Canadian breakfast Friday, January 28, 2005 in beautiful San Antonio, Texas. Network with industry colleagues and be informed on issues that concerns your corporate bottom line.

CAED's Translation Service

CAED's Translation Service can assist you in **meeting the legal requirement for translating into French**. For over two decades, our CAED translator has provided services to CAED Members. Our **Translation Service** will cover all printed materials, service manuals, specification sheets, advertising copy, editorial – **all at competitive rates**. Any CAED member may take advantage of this **value-added service**. This quality translation service is offered at a **competitive rate** of 25 cents per word.

Please contact Maria Swan at (613) 822-8861/email: m Swan@caed.org

Increase the Return on your Company's Benefits Investment

By Kurt Dingwall, Worksite Solutions

Do your employees truly understand all of what you do for them in terms of compensation?

Today employees are compensated in 2 ways; their salary or wage and the benefits that the company provides for them. Employers today offer their employees many types of benefits in an effort to increase employee loyalty and improve moral. These benefits not only include government mandated benefits, but employer optional programs for example: Group Benefits, Extra Vacation, GRRSP's, use of company vehicles. These programs cost the company thousands of dollars per employee, usually running approximately 20 to 30 % of payroll.

After speaking with many employees over the years, they have limited understanding of what the employers spend on all of their benefits. Our statistics show us that employees usually estimate between \$500.00 and \$1500.00.

The following is an example of how employees can misunderstand their "Hidden Paycheque" (or cost of all benefits):

An Account Executive recently interviewed the manager of a company, with the companies Controller present. They asked the manager "What do you think your employer spends on you each year for benefits". Their answer was \$1600.00 per year. In actuality this person's "Hidden Paycheque" or cost of benefits was over \$20,000.00 annually. Needless to say the Controller was a little shocked!

Think in regards to the employer who is spending thousands of dollars for each of their employee's on a yearly basis. This perception turns out to be a poor return on the money they have invested for all their benefits.

When I have asked employers what their benefit communication strategy is, most will pause and say "we don't really have one" or "we have a group meeting every few years to review the benefits but never their cost".

Not only do employees not understand the costs associated with these programs but in many cases they really don't understand the programs being provided as well. Most company's simply struggle with a way to effectively communicate what they do for their people.

Worksite Solutions, an approved CAED provider has designed a program that can help companies with this problem. We educate employees on the their "Hidden Paycheque" and their benefits. We know employee awareness will increase to the point where employees understand Total Compensation and how their programs can work for them. Employers start getting a better return on their benefit investment through this increased awareness and understanding.

Also, employers today have difficulty deciding on which type of benefits to offer their employees. Core Benefit Programs simply can't fill everyone's needs, as all employee situations are different. Through Worksite Solutions "U-Select Program" employees also access to additional *employee funded benefits* that are only available through their company.

The Company wins because the employees now understand what the company invests in their Benefits and understands how they protect them. Employees win because they now understand how they are protected and by being allowed to fill additional individual concerns.

If you are interested to learn more on how Worksite Solutions can be implemented in your company at no hard dollar cost. Contact Kurt Dingwall at 905-858-2337.