Expanding Business Opportunities Through Equipment Financing

By Todd Williams, Executive Vice President, Chief Credit Officer, Fidelity Bank

In today’s modern market, it’s important for business owners to maximize their potential and make wise financial choices in order to achieve growth. For many businesses, this may depend on equipment—updating, replacing, or simply obtaining it in the first place. Whether it be machining tools, bindery and printing presses, or the latest technology systems, some businesses rely on specialized equipment to carry out daily operations. Other businesses may be searching for ways to increase efficiency and help cut down on labor costs, therefore investing in equipment to automate processes is essential. Whatever the need may be, equipment financing can be the best solution to fulfilling that need.

One of the major benefits to financing equipment is cash flow. Instead of tying up working capital on equipment, you can allocate it where you need it. To this end, it’s easy to understand why this route is the ideal option for many types of businesses.

For actively growing businesses, it can be a hassle applying for funding through traditional means, since it can require significant documentation, thereby slowing the process. Equipment financing, however, provides a simple and flexible process, meaning businesses gain funding faster. By using equipment financing, business owners can maintain their operations, allowing them to get a foothold in the market and start building a name for themselves.

For businesses that are more established, owners may be looking to update their current equipment or expand their operations without missing a beat to meet demand. Equipment financing can also be the solution to helping them obtain what they need to continue their growth. Since turnaround time for financing decisions is often shorter to other loans, approved businesses can get their equipment and get to work serving their customers quickly.

Another benefit to equipment financing is the fact that it is secured by the equipment itself—meaning it’s not necessary to put up additional collateral, such as a home or business assets, in order to obtain the loan. As such, equipment financing can be a simpler option for many business owners.

Personalization is another advantage of equipment financing. It’s often possible to create a contract that is customized to meet the specific needs of a business, including the option to lease equipment—ideal for many niche businesses. It really depends on the business and their needs, but in some cases, leasing is a better option. This is especially true in those cases where you need to evaluate whether the equipment fits your needs. After using the equipment for the period of the lease, businesses can decide if they would like to purchase it, renew and continue leasing, or return it and try something different. This also allows businesses to take advantage of the latest models and technologies available.

Perhaps one of the greatest benefits to equipment financing is the fact that once a piece of equipment has been obtained, a business will see an immediate return on investment. Without a significant cash expenditure, owners can enjoy the additional value of a new asset, as well as the expanded opportunity for growth and increased profits—a win-win scenario for any business.

If you’re a business owner and have been considering equipment financing, we’d love to share how the equipment financing program at Fidelity Bank can be an asset to your business. Please contact Todd Williams at 952-830-7240 or toddw@fidelitybankmn.com.