



Effective Financing Options for Midsize and Large Trucking Companies

ebook



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> Introduction


Trucks are large, expensive and important pieces of equipment for companies that focus on transportation and logistics, from individual owner-operators to midsize companies and the largest organizations in the industry. For midsize and large businesses, in particular, an effective strategy for acquiring new tractor-trailers is vital for maintaining complex, wide-ranging operations that require careful management of deadlines and client relationships.

Deciding when and how to acquire new vehicles can mean the difference between effectively managing costs and balancing them with operational needs and having to substantially increase spending to address existing responsibilities and seize new opportunities. In this context, financing options are especially important.


➤ The equipment and financing landscape for your company

Medium-sized and large businesses have some advantages when it comes to general operations and planning ahead for acquiring significant assets like trucks. Perhaps the most universal is their experience within the trucking industry. Companies with a significant number of employees tend to have those workers in specialized roles, from drivers carrying loads to their destinations to professionals who focus on budgeting and financing.

This structure means such companies can be more careful and deliberate in their planning when it comes to securing major assets like trucks, choosing cost-effective options that support financial stability and operational continuity. The significant amount of organizational history, experience and, often, financial reserves are other important advantages when it comes to securing assets.



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Identify potential problems before they become major issues that keep vehicles from operating safely and consistently.

➤ The equipment and financing landscape for your company (con't)

Of course, experienced and specialized staff, a history in the industry and financial reserves aren't a reason to spend more money than is necessary on major assets like trucks. Even the most financially stable companies have to manage spending and avoid excessive costs if they want to maintain successful operations.

Part of this cost-conscious strategy is accomplished by long-term planning related to equipment maintenance. This often comes with an emphasis on proactive measures that identify potential problems before they become major issues that keep vehicles from operating safely and consistently. Another area of focus is seen in equipment rotation, where careful planning ensures no single truck – or other asset – is placed under substantially more stress than similar assets when possible. Decision-makers at midsize and large businesses understand the value of taking a long-term view of the future.

➤ The equipment and financing landscape for your company (con't)

Financing equipment is another important option that midsize and large businesses can effectively leverage to stabilize costs and avoid irregular, large outlays of capital that can interfere with other operational needs.

While financing can have a higher lifetime cost than an outright purchase, the value of spreading payments out over many months and making the financial obligation predictable over the life of the agreement offers companies flexibility that can pay off in the long run. When organizations don't have to keep the entire purchase price of new trucks on hand, they can more effectively invest in other areas of operation and improve overall performance.



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➤ Effective financing options for midsize and large trucking companies

Most midsize and large businesses have few major advantages when it comes to securing financing for their new equipment:

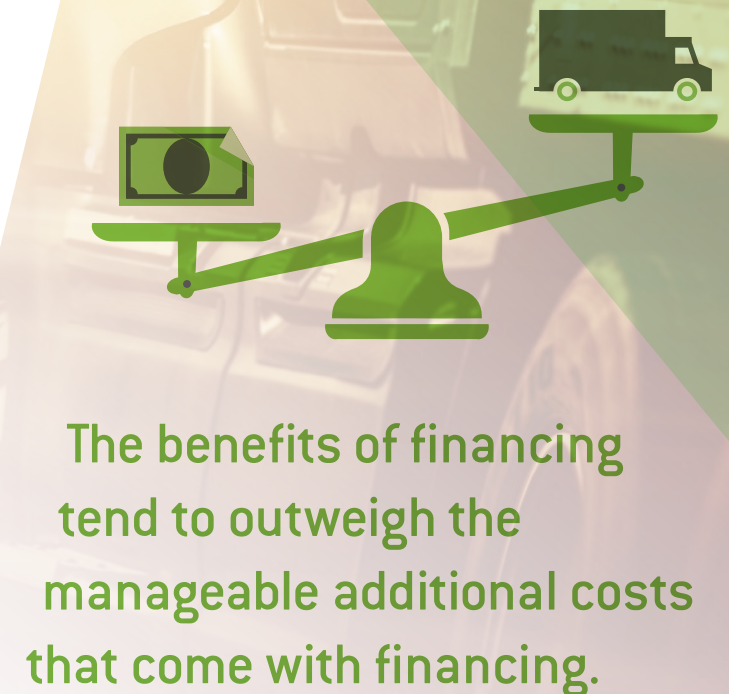
- ▶ An established company that a wider range of lenders are more likely to consider working with.
- ▶ Similarly, an organization with an existing track record may be able to secure financing that offers more favorable terms compared with a smaller business or new enterprise.
- ▶ In general, they have more available working capital, which can be used to make a larger down payment and realize lower interest rates.

These benefits don't automatically lead to lower interest rates, however. Companies need to carefully determine which financing providers offer the most effective mix of low rates, dependable support and overall reliability.

➤ Effective financing options for midsize and large trucking companies (con't)

The value of equipment financing – the ability to spread out the cost of a major purchase and avoid major outlays of working capital – is already clear to many midsize and large organizations. The ability to finance several vehicles and put them to work in short order, as opposed to spending a significant amount of working capital on a smaller number of assets, is also important to keep in mind. As long as financing agreements offer favorable terms and responsive service, the benefits of financing tend to outweigh the manageable additional costs that come with financing, and are spread out over time, as compared with a direct purchase.

With all of this in mind, the importance of finding the right financing partner is clear.



➤ The TAB Bank difference in equipment financing

TAB Bank understands the unique position that businesses like yours find themselves in when it comes time to finance one or several new or used trucks. Our long track record – more than 20 years – providing financing specifically for the trucking and transportation industry means we have a strong handle on the details and unique considerations that come along with financing this type of equipment in a variety of different contexts.

When you partner with TAB Bank, you can expect:

- ▶ Direct financing – no middlemen or third parties to deal with.
- ▶ Competitive rates.
- ▶ Short timelines to realize financing.
- ▶ Customized solutions designed with your individual needs in mind.
- ▶ A dependable, supportive approach to customer service, including personalized assistance throughout the financing process.



More than
20 YEARS
of providing financing
specifically for
the trucking and
transportation industry.

> Conclusion

Your company is in a better position than many others when it comes to financing equipment and putting trucks on the road. But that doesn't mean you can afford to choose the first financing provider you come across that meets your minimum qualifications. As you search for the best possible partner for this mission-critical process, keep TAB Bank in mind. To learn more about what we can offer your business, get in touch with us today.

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