

BREXIT, UNCERTAINTY AND MOVING BEYOND AN UNNECESSARY PAUSE IN CAPITAL EXPENDITURES

Recent downturns and troubling economic matters have demonstrated that uncertainty breeds timidity. Cautious attitudes towards corporate investment are bantered about whenever there is even the smallest bit of less than appealing news in the global macroeconomic outlook. Now enter Brexit, a both legitimate and media-frenzied gift to fueling uncertain mindsets and fear that keeps capital on the sidelines with growth reserved in a favor of preparing for troubling weather. But with regard to capital expenditures, we wonder if has to be this way.

Equipment acquisition for many companies fuels growth, efficient operations and even overall profitability. Economic uncertainty usually has detrimental impacts on equipment issues. The “Great Recession” led to once in a lifetime operational inefficiencies due to aged, outdated and generally unmodernized facilities and assets due to companies reducing capital expenditures to nearly nothing for far too long. But Brexit doesn’t have to be an example of history repeating itself. What if you could still keep projects moving, put new revenue producing equipment in-service or even drive additional capital from your asset base while reducing risk, increasing cash flows and preserving delicate budgets?

You can. The answer to continuing forward in uncertain environments with equipment-related needs requires you to move beyond finance and beyond the perceived limitations of what a lender can or cannot do. Focus on your business needs and determine how you use the equipment. You might need multi-million dollar equipment for a new customer but without the long term issues of owning the equipment should the business downturn. You might need to divest under-utilized assets into a short term rental to generate capital and improve cash flows while investing in other assets long term to replace high priced rental agreements. You might need to start a facility upgrade that will take 18 months without suffering the cash drain of the long build and install cycle.

Once your unique needs are sketched, then you need to find a partner to help. And the average bank or equipment finance company relationship may NOT be the place to start. Most of these lenders simply don’t have the depth of experience with the assets. Even among equipment lenders, they are often limited and rigid when it comes to end of term flexibility or short term needs. You might begin by having a consultative conversation with an equipment-driven finance company. These companies are “equipment people” that offer competitive financing instead of finance people that lend against equipment.

This important differentiation can open up doors for your company in any environment, but particularly in uncertain climates. Traditional lenders typically pull back in these times and with Brexit, have issues of their own to work out. The equipment-driven lender can move beyond these issues to competitively handle your short and long term needs with maximum flexibility, preserving cash and enhancing cash flow...amidst even the most severe uncertainty.

Don’t let fear keep you from accomplishing your business goals. For more than 30 years, the Somerset family of companies has redefined equipment finance. We take our clients further by providing services around the financing of equipment for mid-sized and large companies throughout the Americas, Asia and Europe. From equipment needs starting under £100,000 and reaching to £25,000,000 and beyond, our unique asset-driven solutions bring a more intelligent approach to your commercial equipment requirements.

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