

# Commercial Leasing for HVAC and Energy Efficiency – A Practical Finance Option For Your Customer, A Powerful Sales Tool For You.



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**P**ut yourself in your customer's predicament. You are a business owner. It is the third day with above 90 degree temperatures. The weather bureau predicts a hot and humid season. You find out that the AC system you had hoped would last one more season, was just given last rites by the trusted HVAC professional. Since you don't have \$20,000 in the bank to buy a new unit, what will you do?

Your banker suggests that you come in to fill out a loan application. It will probably take a week to get the loan approved. Your secretary announces that she won't be back to work until the office temperature is back to cool. Is there a suitable alternative financing option that is both fast and economical?



Now switch roles and think as the contractor. A commercial lease should come to mind immediately. Your job is to make the purchase do-able, fast and easy for your customer. Turn around time is key when a business (or family) is waiting for heat or air conditioning or other energy efficient improvement. A lease is comprised of a one page application and requires little, if any, additional paperwork. If you have ever tried to borrow money from a bank, you know that business and personal tax returns and financial statements are necessary. Hopefully those details are all that the bank requires. If you have a lease application in by noon, most lease companies can have an answer/approval to you the same day. Now, that is service!

Costs and interest rates for leases are equitable to commercial loans. The monthly payment is comparable to a loan payment and can be set for a term of 60 months. If it is an Energy Star product, the term can be extended to 72 months. The lease documents can be faxed or emailed within an hour and faxed or emailed back to the lease company. A purchase order will go back to your company immediately. Now you can install the next day. Your customer will not lose precious work time at the office. Upon installation, the businessman signs a delivery receipt. You fax or scan / email it to the leasing company, and you will have your money in your account usually within 48 to 72 hours, or even faster if you want next day delivery. Your money will be ready for you to pay the distributor.

**Offering easy financing, whether it is leasing for your commercial customers, or a loan for the residential customers, is an important key to closing a deal,** for use by anyone on your sales staff. Putting the monthly payment in front of the customer helps him see that the purchase is affordable.

As an example, consider the car industry. Most new cars today cost over twelve thousand dollars. The advertisements on TV and in the newspapers may show the retail price in small print, but the monthly payment on a lease is printed as clearly and in full view as the image of the car. Radio and television commercials hook buyers by announcing the monthly payment during the commercial. Well, the same should be true when you are presenting a proposal to a customer. In fact, if you have the software that shows the expected monthly savings in energy costs for a new unit compared to the older unit, you can subtract that number from the payment price to show the net effect for the finance term. These savings, presented to the customer this way, will help him realize that by purchasing the new equipment from you, it will only take a number of months until the unit has paid for itself. Not only is this a good sales tool, but this is exactly the information your customer wants to justify his purchase and put his trust in you and the product.

Every salesperson has the same unspoken fear, "What happens if the client's credit isn't approved due to a less than perfect pay history? Is there anything that can be done?" Many times leasing companies and finance companies have additional funding sources that will look at less than perfect credit. The payments will be higher, but it is still easier to pay \$260 per month than it is to pay \$10,000 up front. Often in cases of questionable credit history, the lease company will require a larger security deposit to offset the credit risk. This doesn't mean that bad credit can always get financing, it just means that a marginal credit may be able to get approved at a reasonable rate.

Even if your sale is to a company with the means to pay the costs up front, leasing is often the better alternative to finance the purchase. It keeps the company's cash flow liquid. If there is a relocation or a real estate sale, the new HVAC equipment makes the property more valuable, and the company did not tie up funds to pay for the equipment. The revenues from the sale provide the cash to pay off the lease.

**Churches and other religious or non-profit organizations need HVAC units too.** They don't often have the money sitting in a bank account to write a one time check. They do have the cash flow to handle the monthly payments though. This cost can be presented to a board of the non-profit as ongoing maintenance, similar to a utility bill. Reducing the monthly utility bill can close the deal for this kind of company too. Having been in this business for many years, I know that not every leasing company will finance a church. The reasons include: there is no owner of the church, it is owned by a congregation, and there is isn't one particular person that the leasing company can go to or rely on to make the payment if the church can't. It can be awkward to sue the church or take legal action over non-payment of a lease or loan.

Add the leasing component and financing options to your sales arsenal. You help more customers save more energy and more money and watch your bottom line grow.

