

When it comes to renting equipment...

KNOWLEDGE IS POWER

'If the deal sounds too good to be true, it probably is.'

Mike Bailey

The single most important factor is the reliability of the dealer.

Mike Perham

Planning to rent equipment for your next construction project?

If so, you're not alone. The equipment rental business has been one of the fastest-growing segments of the industry over the past six years, according to the London-based Corporate Intelligence Group, which analyzes world markets. In that span, gross receipts have nearly doubled.

But one of the hallmarks of any rapidly growing industry is its attraction to marginal operators who jump in with inferior equipment, inadequate training and questionable ethics to take advantage of a market in which the buyers often are not as knowledgeable as they could be.

"Price is a consideration in renting any piece of equipment," says Mike Perham, CGCS, superintendent at The Moorings Club in Vero Beach. "But the single most important factor is the reliability of the dealer."

"The cheapest deal usually isn't the most cost-effective," says Mike Bailey, superintendent of The Falls CC in Lake Worth. "If the deal sounds too good to be true, it probably is."

"You've got to ask yourself: 'How good is that machine?' If it goes down on your job, you're dead. How much is that worth?"

Be sure you completely understand the billing procedures of the vendor, says Bud Howard, vice president of sales with Hertz Equipment Rental Corp. Look for hidden charges in a contract.

Some renters are not aware of costs that

can be added to their rental fees for damage.

For instance, even if you have insurance, you will be expected to pay up front for damage and then wait for reimbursement from your insurance company.

For rental periods longer than a month, Perham suggests buying a rider to the course's own insurance policy to cover the equipment, as opposed to buying insurance through the dealer.

"There's a lot of paper work," Perham says, "so it usually isn't worth the trouble for short-term rentals."

Some companies offer very low rental rates but nickle-and-dime the customer on back charges — damaging the paint is one example. By the end of the year, those fees can add up to a sizeable amount of money.

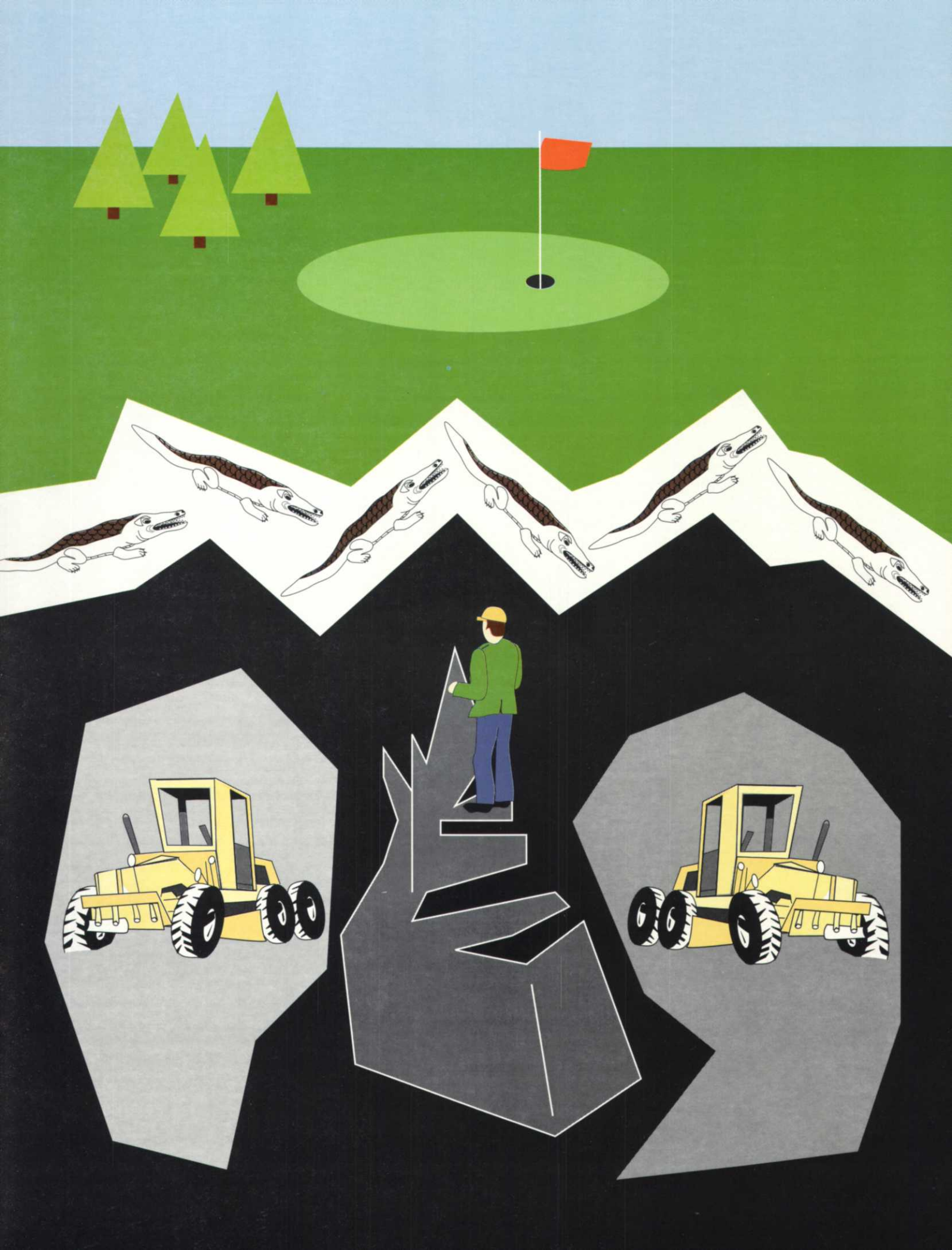
Howard also stressed the importance of inspecting the condition of the equipment when it arrives. In order to assure that you are not charged for damage you are not responsible for, he suggests taking detailed notes of the equipment's condition.

Tom Benefield, CGCS, superintendent at BallenIsles CC of JDM in Palm Beach Gardens, goes one step further.

"I always inspect the machinery before it's delivered," he said. "And I check it again when it arrives, before I let them unload it."

Typically, you are expected to return rental equipment in good condition, less normal wear and tear.

Maintenance is another factor to consider. Some companies provide around-



One company may charge \$1,800 a month for a piece of equipment and another may charge \$1,200. But if the cheaper company's equipment breaks down every other day, your savings could vanish because of slower production.

Boom or bust, industry will grow

The U.S. equipment rental industry has grown rapidly over the last six years and is showing no sign of letting up.

In 1983 the market was estimated to bring in \$7 billion to \$10 billion per year in gross receipts on leased and rented construction equipment, according to the London-based Corporate Intelligence Group, which analyzes world markets.

In 1988 gross receipts were estimated at approximately \$13 billion.

There are some 12,000 equipment rental operations across the country, including rental companies, equipment distributors with rental divisions, and contractors with rental divisions.

A survey conducted at the end of last year by Associated Equipment Distributors showed 88.4 percent of all dealers expect an increase in rental volume. All centers surveyed for the report project a positive market for 1990.

Assuming the economy remains on an even keel, AED believes equipment rental volume will increase about 6 percent in 1990, bringing rental volume up to approximately \$13.7 billion.

"A good market is, of course, fueled by more construction activity, and this is expected, especially over the coming decade," says Bud Howard, vice president for sales of Hertz Equipment Rental Corp.

"However, the industry is such that even if the economy slows down slightly, the market will remain on a good growth path since contractors will be likely to rent instead of purchase equipment."

And if the economy picks up dramatically? Contractors may be caught without enough equipment in their fleets to keep up with the additional work, and so they still will have to rent more equipment.

the-clock servicing of their equipment and some don't maintain their equipment at all. Make sure you understand the dealer's policy before you sign.

It's also important to know exactly what you need before you walk into the rental center. Some dealers have knowledgeable customer service representatives and others have order-takers.

"The biggest dealer isn't always the best bet," says Bailey, "but the dealer who has a large inventory may be able to save you some money because he stocks the exact piece of equipment you need, whereas the smaller dealer might only be able to offer a larger, multi-purpose machine that not only costs more to rent but takes longer to do the job than the specialized piece."

"The salesman's job should be to serve as a problem solver," says Hertz's Howard. "You may not know, for example, whether you would do better renting a skid-steer loader with a backhoe attachment or a skid-steer loader and a separate backhoe.

"An informed salesman should be able to help you make that decision."

Down time is the most expensive add-on to rental prices. One company may charge \$1,800 a month for a piece of equipment and another may charge \$1,200. But if the cheaper company's equipment breaks down every other day, your savings could vanish because of slower production.

Many companies use reconditioned equipment without informing their customers, according to Howard. If it's an older model, spare parts may not be readily available.

If you are involved in a complex project that requires several pieces, make sure they're all going to be available as you need them. Remember that the equipment you need may constitute the renter's entire fleet and if something happens to one machine, you could have a real problem on your hands.

"I make reservations whenever possible," says Perham.

"If the equipment can't keep your project on schedule, then it's no bargain," says Lou Conzelmann, CGCS, superintendent at Fiddlesticks CC in Fort Myers. 