

Leasing turf equipment provides an alternative to budget-busting purchases

BY LARRY AYLWARD,
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You dream about driving that slick, new fairway mower — the one with enough cool gadgets to rival the Batmobile. There's one problem: Your maintenance budget is tapped for the year. So it looks like you're stuck with that 10-

year-old cutter that clatters like a run-down city bus.

Or are you?

You can have that swanky mower if you really want it — without breaking your budget — by leasing it.

OK, so you won't own the mower if you lease it, and you won't have equity in the \$25,000 machine. But don't let that deter you, says Dan Gilmore, director of leasing and finance for Textron Turf Care And Specialty Products. There are several good reasons to lease turf equipment, he stresses. For starters, you may not have to make a down payment.

"The No. 1 reason that superintendents are interested in leasing is because it's a way to maximize their equipment purchases while staying within their budgets," Gilmore says. "Typically, the money you need to keep a golf course running is not the same dollar amount you have in the budget."

A golf course maintenance operation that has an expensive fleet of 7-year-old vehicles is a good candidate to study a leasing plan, Gilmore notes. That course's superintendent needs to figure how much is

spent on monthly parts and service, and then decide if the equipment is worth future investments for repairs. The superintendent may find the amount of money spent on monthly repairs could be used to make payments on new leased equipment.

Steve Schmidt, CGCS of the Colonial GC in Williamsburg, Pa., is at that juncture. Colonial GC is 5 years old and some turf equipment needs to be replaced. Schmidt believes that particular items, such as a greens mower, is more tailored to leasing because it's more apt to break down after four years. But he believes it makes sense to purchase other equipment, such as certain mowers known for their durability.

In vogue

Leasing in the golf course industry dates back to the 1970s, when cash-strapped courses began renting golf cars from manufacturers because they didn't have the money to buy them, Gilmore says. "Then course owners began asking themselves why they weren't leasing turf equipment as well," he adds.

By the mid-'80s, leasing equipment was popular with large and reputable operations, Gilmore says. It has only gotten more popular across the board.

Ron Skenes, manager of communications for Augusta, Ga.-based E-Z-GO, says more golf courses are leasing carts and turf equipment from the same company to get better deals.



FOR RENT

Todd Gray, director of finance programs for golf and turf leasing at John Deere Credit, says leasing has become "the acquisition method of choice" in the past 10 years. Gray says the '80s golf boom and the influx of daily-fee public courses caused competition for golfers' dollars. That led to frugality among courses, which could no longer afford to pay cash for equipment.

Gilmore and Gray estimate that about 50 percent of U.S. golf courses, mostly daily fee, lease equipment with no options to buy. The courses, which don't have thousands of dollars to purchase new equipment, are using available money on other projects, such as clubhouse improvements or rebuilding greens.

Gilmore stresses there are other reasons to lease, including low monthly payments and upgrading for new equipment more often. And because a superintendent is always using newer equipment, it will require less maintenance and there will be less downtime, he notes.

Superintendents may be lobbying their course owners to purchase new equipment to keep up with the competition. It's likely that a course maintained by new equipment will look better than a course kept up with 7-year-old mowers, Gray notes.

"Nobody is going to come back to a course that has an oil stain across the fairway," he says. "That's what old equipment does."

Gilmore and Gray agree that superintendents turn into business authorities when talk turns to their bud-

gets for new equipment, so they want to know everything about leasing.

"Superintendents are smarter than they were 15 years ago," Gray says. "Part of their training is managing their equipment fleet. They're learning that maintenance, downtime, parts and an extra mechanics all have dollar costs associated with them."

Smart superintendents are looking for good deals. They'll scrutinize every variable in a lease — looking for confusing contracts, hidden fees and other mystery costs that could end up breaking their budgets. For instance, Schmidt says he's displeased with leasing companies that require customers to purchase routine parts, such as oil filters and belts, for inflated prices as part of their agreements.

Smart superintendents are also careful to select the most sensible leases for their needs. Many agreements include options to purchase equipment when terms expire. Others don't offer such choices and restrict equipment use to an hour count and charge additional fees if the time is exceeded.

A smart superintendent will also make sure that dealers provide an accurate definition of "excessive wear-and-tear charges" to avoid potential costly settlements when a lease expires, experts say.

Not for everyone

Gilmore, Gray and Skenes agree that leasing is not for all superintendents and golf course owners. "If they want to own the equipment for 10 years, they're better off buying it," Skenes adds.

Bill Fountain, operating partner at The Majestic Lake Walden in Hartland, Mich., does not lease turf equipment at his course, but he says that leasing has its benefits. "You're always using newer equipment, and it's under warranty," he adds.

But Fountain says owning equipment also has its advantages. He believes people take better care of equipment if they own it than they would if they lease it. For that reason, owned equipment endures. "Our equipment lasts a long time because we take care of it," he adds.

Skenes disagrees, noting that whether or not a course's crew takes care of equipment — owned or leased — is a reflection on how well the course is managed and maintained overall.

Location is also a factor in leasing. If your course is in Florida and you're using equipment year-round, you may want to consider leasing, Gray says.

Schmidt agrees that leasing and buying both have advantages. He's thankful that he has a choice, especially if he wants a new high-tech fairway mower and the money isn't in the course's coffers to purchase it.

In today's world, he can always lease it. ■

LEASING LOGIC

Dan Gilmore, director of leasing and finance for Textron Turf Care And Specialty Products, suggests these reasons to lease:

- maximize equipment purchases while maintaining budget;
- low monthly payments;
- frees up working capital;
- doesn't show up on balance sheets as a debt;
- upgrading to new equipment more often;
- less maintenance costs;
- less downtime; and
- more attractive-looking golf course.

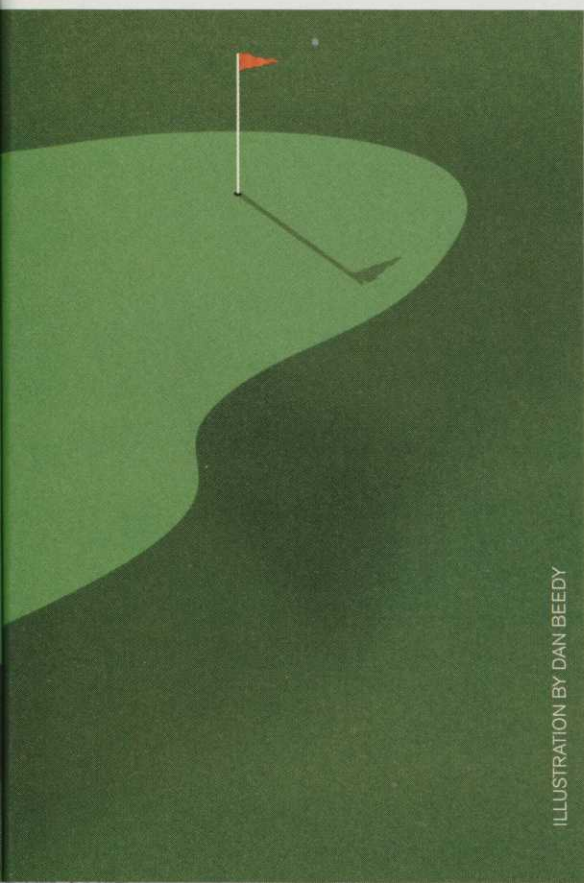


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