

ARE YOU REALLY GETTING WHAT YOU PAY FOR?

For those of us involved in the business of buying and selling used machinery the decline of the global economic crisis over the last few years has presented itself as somewhat of a double edged sword.

As the number of businesses forced into foreclosure increases, so the quantity of redundant and repossessed assets on the open market increase with it. The positive outcome of this being that this upturn in readily available machinery means that bargains are definitely there to be had for both dealers and end users alike.

Unfortunately manufacturers, resellers and dealers are now faced with the manifestation of a bargain basement bean fest, inevitably creating a devalued marketplace.

Is the price right?

It has always been the ethos of any trader to buy cheap and sell high maximising profit wherever possible, but clearly those days are now well and truly behind us. Whether you like it or not it has become a buyer's market and the inevitable consequence of this is a vastly decreased expectation of value and price.

The used marketplace has become diluted and profit margins for dealers and resellers diminished as buyers and end users start to reconstruct and indeed dictate the valuation model to traders. This is all well and good but it does beg the question "do you really only get what you pay for?"

It wouldn't be unfair to state that getting suppliers to drastically slash their pricing model when being played off against each other might indeed result in reduced quality of product and service. This is something that end users in particular really need to consider when purchasing second user machinery. If your chosen provider has capitulated and significantly reduced their price to win your order are you confident you will receive the product as described when first quoted?

Consider the long game

For those companies like ourselves that strive constantly to produce quality refurbished machinery getting customers to understand the benefit of paying that little bit extra for quality and peace of mind is becoming harder by the week.

Buying a used machine for a great price in as is condition is great provided you don't end up with a pig in a poke. Consideration should be given to the cost of dismantling, transportation, installation and commissioning. Also, as a business how familiar are you and your staff with the technology you have just purchased? In many cases it is likely that there will be additional training costs. A quick win on purchase price does not guarantee a profitable pay back in the long term.

A word of caution

You need to ask yourself are you really going to get the production performance you expect from your purchase. When you invest in used equipment that has been refurbished correctly its performance should not be far from what it could do when first purchased as a new machine.

And here's the warning, a machine that has been cleaned, repainted and had some belts replaced is NOT a refurbished machine unless it has had all worn or near end of life components replaced including main drive shafts, gears and cams as well as motors and pumps reconditioned and the machine itself reset and calibrated to original technical specification and then fully tested, preferably by you, the customer prior to delivery.

Additionally make sure you have taken into consideration all relevant health and safety legal requirements. Does the machine meet with current regulations?

In conclusion

To conclude here are a few things you should really consider when purchasing used machinery.

Buying 'As Is'

Buying equipment in as is condition ensures you will benefit from a reduced initial capital expenditure depending on age, condition and technical specification. In most cases the item will be available direct from its existing location and you are likely to have to cover the cost of decommissioning and dismantling, loading, transportation and installation at your works.

Additionally the machine may require some additional remedial work or a service and depending on your familiarity with the technology purchased additional training for you staff may be required.

Before committing to the purchase make sure you have the equipment inspected by a competent engineer with proven technical knowledge of the machine. Yes there will be a small fee to pay for this but it could save you considerable unexpected financial outlay in the future.

Buying 'Checked and Cleaned'

Purchasing equipment checked and cleaned is likely to cost a little more than buying 'as is'. It is likely that you will also be buying from a dealer. If the machine has indeed been checked make sure you ask for a brief report of the inspection findings. If they cannot provide you with this then it is likely the machine has not been thoroughly inspected.

Also, you need to be able to see the machine running and if possible running an example of the type of work you hope to be producing within your business.

Ask about delivery, installation and training. Can the supplier include this in the deal?

Buying 'Refurbished'

As previously mentioned a refurbished machine should be exactly that. There is a big difference between a machine that has been cleaned, painted and serviced and one that has undergone a full refurbishment.

Ask them to provide you with proof of the work undertaken. If you have put a deposit on a machine not yet refurbished make sure you visit the supplier's workshop during the refurbishment process to get a better understanding of the work being done.

The price of a refurbished machine will usually include delivery and if location permits installation. You should also expect to receive a comprehensive warranty or guarantee.

And Finally

Investing in new or used machinery is not something that should be taken lightly. In difficult economic times it is important that your purchase is the right one. Do your homework. Are you considering a particular type of machine because you are familiar with it, because it is a brand leader or because a member of staff has ensured you that in his or her experience it is the right direction to go?

All valid reasons but most importantly you need to make sure that your purchase will fit the profile of work you need it for, not just now but in the long term. Consider your clients, your industry and new technological developments.

Invest for the future as well as for now. After all, you will only ever get what you pay for!

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Tecnico solutions specialise in the sale of new and refurbished mail room and post press machinery and also run a consultative and transparent machinery brokerage service for those looking to buy or sell second user equipment.

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