



## THE *Alliance* LEASE PROGRAM

### ***GREAT REASONS TO MAKE THE Alliance LEASING PROGRAM YOUR MAIN CHOICE FOR LEASING***

Alliance maintains relationships with over 50 of the top lease financing companies, commercial finance institutions and banks in Canada, the US and internationally. This provides Alliance with an extremely diverse selection of the best financing products in the marketplace today. Best Products, Best Solutions and very Competitive Rates. But that's not all. Alliance's business model allows us to maintain one of the highest approval ratios in the business. As part of Alliance's commitment to excellence, Alliance is proud to offer you the following reasons to make the Alliance Leasing program your main choice for leasing:

- 1. ESTABLISHED AND NEW BUSINESSES.** Alliance Financing Group is one of the few financial organizations that will approve new businesses as well as established ones.
- 2. OUTSTANDING CREDIT APPROVAL RATIO.** Alliance's multi-tiered approach to credit lets us approve all types of credit profiles, from "A" credits through to "D" credits. If there is a way to approve your customer's credit, we will find it.
- 3. FAST TURNAROUND.** Not only do we have fast credit turnaround times, we process fast payment to you.
- 4. MARKETING SUPPORT.** We are happy to step in at any time to help close a sale with your prospective lessees. In addition, our professionals are available to teach your sales force how to use leasing as a closing tool. We'll share some proven techniques for closing more sales and bigger sales.
- 5. ON-LINE FINANCING TOOLS.** Using Alliance's proprietary "YourLeaseQuote.com" technology, you can get a real-time quotation, prepare a professional looking lease proposal and either print or email the proposal to your customer. You or your customer can then complete and submit a credit application on-line.
- 6. OFF-LINE FINANCING TOOLS.** Not online? Simply use the Alliance Leasing desktop calculator to prepare a professional looking lease quotation.

***"The Alliance Leasing Program, underwritten by Alliance Financing Group provides custom solutions to any equipment or machinery acquisition a company may be investigating; with friendly and professional service and competitive rates."***



## THE *Alliance* LEASE PROGRAM

### ADVANTAGES OF LEASING FOR THE BRANCH AND THE ACCOUNT MANAGERS

#### **Eliminates Price Objections**

By offering your equipment on a monthly lease payment program, you eliminate price objection. It is easier to sell someone a payment of \$300.00 per month than a \$10,000.00 capital expenditure. You can break the monthly payment down on a daily cost basis to help justify the value of your product.

#### **Eliminates Discounting**

When you present a customer the cost of your equipment in a cash price basis, the customer will always try to negotiate a lower price therefore affecting your margins or gross profit. If you present a customer with a leasing price of \$300.00 per month the customer generally does not negotiate a lower monthly payment, therefore you maintain your desired margins or enhance them.

#### **Increased Sales**

Leasing enables you to increase your sales by offering more equipment for an extra few dollars per month. When you are trying to offer a customer the next model up or the model with the increased capacity or features, it is much easier to do it on a lease basis. Trying to sell someone an extra \$1,000.00 of enhancements is a lot easier by saying it is only an extra \$30.00 dollars per month or \$1.00 per day.

#### **Customer Control**

When you finally get the customer to the point of closing and the customer is willing to buy, you lose all momentum when the customer says, "I need to talk to my bank". You have just lost control, the customer now has an out or excuse not to buy. If you offer leasing, you maintain control by telling the customer that you offer the financing or leasing option and that you will take care of it. Once the customer has your equipment and is leasing it, you maintain control over the customer. If the customer wants to do something with the equipment that is on lease the customer has to contact you or us; which may offer you an opportunity for another sale. Had the customer paid cash they may not have to contact anyone to do something with their equipment therefore resulting a lost customer.

#### **Flexibility**

By offering leasing to your customer, you have the flexibility to offer many different terms and payment options to accommodate your customer. If you present your equipment on a \$300.00 per month program, and they say that is too expensive just extend the term a bit to reduce the payment to where the customer is comfortable, thereby closing your deal.

#### **Other Leasing Advantages**

Leasing offers other advantages as well. Leasing can also reduce your receivables and allow you to get paid quicker. Leasing can be classified as an operating expense therefore your customer does not have to have delays by getting capital expenditures approved. Leasing can help with uncovering unspoken objections. Leasing helps with multi product orders. Leasing creates a future prospect list and automatic upgrades. To find out more about the many advantages that leasing has to offer you and your customer, please contact your Alliance Financing Group representative.



## THE *Alliance* LEASE PROGRAM

### BENEFITS OF LEASING FOR YOUR CUSTOMER

Lease financing is quickly becoming the preferred method for most businesses to acquire equipment and machinery. Read on to find out why:

#### **Ease of Acquisition**

Once your customer has selected the appropriate product, the acquisition simply becomes a matter of affordable monthly or quarterly payments. No appointments and long meetings required.

#### **100% Financing**

Lease financing is 100% financing. This means that equipment, machinery, certain soft costs and any extras that are needed to operate the equipment can be financed, enabling your customer to walk out the door with a "Total Solution".

#### **Preserves Existing (and future) Credit Lines**

Lease financing enables your customers to acquire the equipment they need, without tying up bank credit lines. For companies that require short term borrowing capabilities, lease financing can be a tremendous advantage.

#### **Ease of Budgeting**

Unlike bank financing, which is often subject to fluctuations in the interest rate, lease payments are "fixed" over the term of the lease. Your customers can therefore manage their cash flow budgeting with ease and comfort.

#### **Product Flexibility**

Lease financing enables your customers to respond to their growing needs by upgrading or replacing their equipment at any time during the lease. This could be a significant competitive advantage.

#### **Other Investment Opportunities**

Profits are made from using equipment, not owning it. By leasing equipment instead of purchasing it, your customer can free up precious capital resources. This capital can then be utilized to build additional growth and profits by investing in inventory, marketing, operations, etc.

#### **Term and Payment Flexibility**

No two businesses are alike; and leases can be structured to suit your customer's requirements. This means that the term and frequency of payments can be customized to suit the customer's own unique business cycle.

#### **Cost Justifiable**

It is very easy to determine the cost/benefits associated with leasing equipment. Simply divide the monthly or quarterly lease cost by the number of days the equipment will be in use. Your customers will quickly see how the day-to-day advantages of using the equipment compare to the lease payment.

#### **Self Financing**

When your customers use lease financing as a method of equipment acquisition, they inevitably make their lease payments from the dollars generated by their business. In this sense, the equipment that is used to help generate revenues pays for itself. Expenses are matched to revenues.

#### **Payment Convenience**

Keeping track of payment due dates is simplified when your customers take advantage of the "Pre-Authorized Payment Plan". Not only does this direct-debit method cut down on their paperwork, it reduces the incidence of late payments and charges as well.

#### **Tax Advantages**

Lease payments can be tax-deductible, subject to Revenue Canada guidelines. This means that by leasing instead of arranging a loan or paying cash, your customers may reduce the amount of tax that they pay.

**The advantages of leasing equipment can be extensive. If you or your customer would like more information, please do not hesitate to contact your Alliance Financing Group representative.**



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### BUY OR LEASE - A COMPARISON

**ASSUMPTIONS:**

Capital Cost:	\$12,000.00
Term:	36 Months
Corporate Tax Rate:	24%
Depreciation Rate:	15% First Year 30% Remaining Years (declining balance)

<b>LEASING</b>	<b>BANK FINANCING</b>	<b>CASH PURCHASE</b>
Rate Factor = .03305		
Monthly Payment:	Monthly Payment @	Monthly Payment:
\$12,000. x .03305 = \$396.60	10% Interest Cost: \$387.21	\$0.00
Cost: 36x\$396.60 = \$14,277.60	Total Cost of Bank Financing: \$13,939.56	Total Cost of Purchase (not including tax): \$12,000.00
Buyout: 5% of \$12,000.= \$600.00	Depreciation Yr 1: \$1,800.00	Depreciation Yr 1: \$1,800.00
Total Cost of Leasing: \$14,877.60	Depreciation Yr 2: \$3,060.00	Depreciation Yr 2: \$3,060.00
	Depreciation Yr 3: \$2,142.00	Depreciation Yr 3: \$2,142.00
	Interest Expense: \$1,939.43	Interest Expense: \$0.00
<b>Total "write-off": \$14,877.60</b>	<b>Total "write-off": \$8,941.43</b>	<b>Total "write-off": \$7,002.00</b>
<b>Tax Savings:</b>	<b>Tax Savings:</b>	<b>Tax Savings:</b>
24%x\$14,877.60 \$3,426.62	24%x\$8,941.43 \$2,145.94	24%x\$7,002.00 \$1,680.48
		Loss of Interest (after tax) on \$12,000. (@7%/yr) \$2,700.52
<b>Net Cost of Leasing:</b>	<b>Net Cost of Bank Financing:</b>	<b>Net Cost of Cash Purchase:</b>
<b>\$11,450.98</b>	<b>\$11,793.48</b>	<b>\$12,373.32</b>

***LEASING: THE BEST ALTERNATIVE!***

If Your Tax Rate is Greater Than 24%, Your Savings are Greater  
E. & O.E. Please Consult with Your Accountant



## THE *Alliance* LEASE PROGRAM

### *HOW TO SELL LEASING*

1. **Always** quote monthly payments.
2. **Mention** the payment figure early in your sales presentation.
3. **Ask** about your prospect's monthly budget allowances early in the presentation.
4. **Quote** a payment, based on the term / structure that will best suit the customer's needs and budget.
5. **Reduce** the monthly payments to the lowest common denominator, i.e., Amount per Day ("Reduce to the Ridiculous" close).
6. **Use Leasing to increase the size of your sale.** For example, if the customer can afford to pay more each month, you will have the opportunity to sell additional, or upgraded equipment. You can even build in the cost of a service contract "up-front".
7. **Use leasing to build repeat business.** (You can call the customer up later to upgrade, or use the "low monthly payments" to sell the customer additional equipment they might need.)
8. **Use leasing to close the sale.** Remember, it is far easier to "sell" low monthly payments than it is to get a commitment for a big-ticket piece of equipment with a big-ticket price tag! (Just look at all the vehicle advertisements in the media... payments sell!)
9. **Rely on Alliance.** Remember, Alliance Financing Group's professionals are there to help you with all aspects of the leasing process.

**- GOOD SELLING-**



## THE *Alliance* LEASE PROGRAM

### *HOW TO CALCULATE LEASE PAYMENTS*

To calculate lease payments you need to know three things:

1. Cost of the Equipment before taxes
2. Term of the Lease
3. Lease **Rate Factor** for that cost and term

Then, simply multiply the cost by the appropriate Rate Factor. The result is the monthly payment. Taxes (GST/PST or HST)

**Example:** Equipment cost = \$22,000. (net cost - never include any taxes)  
Term of the Lease = 36 months  
Customer in business for more than two years

Go to the appropriate Rate Sheet

Find the Term. (ex. 36 months)  
Find the "Factor" for that term and equipment cost  
Multiply the Equipment Cost x the Factor

**Sample Calculation: (If Rate Factor was ".03425")**

$\$22,000.00 \times .03425 = \$753.50$  **THIS IS THE MONTHLY PAYMENT**  
Remember, appropriate taxes are added to this payment monthly.