

Its time we all faced the music

John Ball - managing director of Easi UpLifts/ Height for Hire, the Irish-based international rental company - ends his two year stint as president of IPAF this month. His time at the head of the Federation began as one of the longest and strongest boom periods for the industry was coming to an end. Since then the world economy has faced some of its greatest challenges ever, none more so than in his home market.

In spite of this Ball has put more hours and more effort into his role than most of his 14 predecessors combined. He is highly positive about what IPAF has achieved and rightly feels that he has made a significant contribution to the Federation's efforts to become a more international organisation. He is particularly proud of taking the annual summit to Dublin and attracting a record attendance in its first time outside of the UK.

Speaking to Cranes & Access just before the 2010 IPAF Summit where 'Safety is a management issue' is the theme, he talks about what he sees as the greatest threat to safety that the industry faces today.

He also expresses deep regrets and concern at the lack of professionalism in many parts of the aerial lift industry. In particular the plummeting rental rates and therefore yields, as discipline has evaporated in the face of falling utilisation.

"We all have to take responsibility for what has happened, manufacturers, banks and all rental companies," he says. "While the customers might win in the short term they will certainly lose out as equipment ages and maintenance slips, resulting in significantly higher rates as the resulting equipment shortage starts to bite."



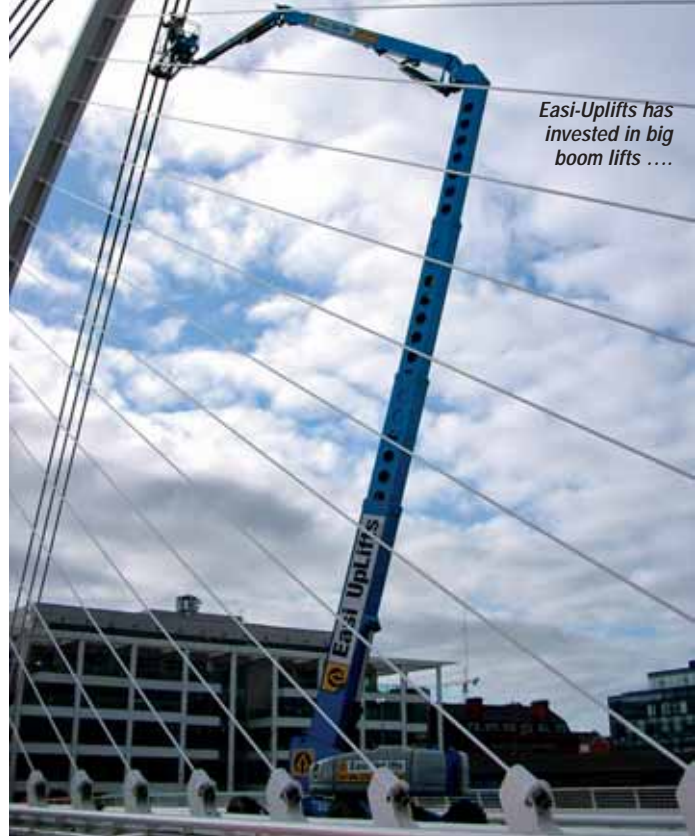
John Ball took over as IPAF president in April 2008

"It all started with the manufacturers giving machines with financial support or payment holidays to new entrants into the market and to people who in some cases were clearly incapable of managing a company of any kind. They must accept some of the responsibility for the current situation which is now hurting them as much, if not more than anyone else."

"The banks and finance companies are equally to blame. Partly for some of their less sensible funding decisions, but more critically, for continuing to support some of these people long after they have clearly become 'basket cases'. I'm talking about companies that have come into the market with barely any of their own funds and have borrowed large amounts to buy new equipment on business plans that only stand a chance of succeeding in peak market conditions with a fair wind behind them. Many of these companies are now unable to meet their financial commitments yet they continue to be supported by the institutions. This is distorting the market and penalising those which have been in the business longer and which have been more diligent in meeting their financial obligations."

"We can't just stand by and let this happen."

"Such companies ought to be wound up, or at the very least the banks should be putting someone into the business to protect their investment. The most distressed rental companies seem to be sending equipment out for next to nothing, often into hostile environments. It is difficult to see



Easi-Uplifts has invested in big boom lifts

how they can properly service and certify this equipment under these circumstances. The banks are receiving no payment for this kit and it is being devalued through abuse while the safety of the equipment may well be compromised? As an industry we cannot just stand by and let this happen."

"The financial institutions ought to be focusing on the industry's stronger players rather than over protecting the weak and propping up the unviable. In doing so they will help stabilise the rental market and protect their better paying customers. In Ireland many locally based institutions seem to be afraid to pull the plug and face the losses. With little or nothing coming in on the repayment front and the equipment getting older and rougher, they are simply building a more significant problem. Overseas finance companies seem to be taking a more aggressive approach and have started repossessing equipment as part of their exit from the Irish market. With conditions for selling this equipment having improved considerably in the last few months they should act now."

"We rental companies are as much to blame as anyone, particularly at this stage of the crisis and in spite of all the finger pointing, none of us are innocent. There has been a fixation with time utilisation rather than yield, with some people patting themselves on the back for lifting utilisation a few percentage points but at the cost of the rate, so what is the point?"

"You can't keep putting equipment out at rates that are lower than the cost of finance"

"Rental companies need to realise that most financial institutions are now only offering conventional financing models, in some cases down-payments are required and payment holidays no longer exist. The rental landscape has also changed considerably in recent months, with a more significant percentage of short-term work. Too many rental companies are applying the rules of long-term rental for a week or two's work and yet the dynamics are totally different. If companies don't adapt to the change, yields will continue to deteriorate."

"You can't continue putting equipment out at rates that are in many cases lower than the cost of finance, particularly with the risk factors also changing, with a much greater incidence of bad debts, particularly in the construction sector. Add all this up - finance costs, transport, maintenance, certification, sales costs and credit risk - and it is easy to see that many companies are committing commercial suicide with their rate policies."

"As an industry we have been guilty of undervaluing the products and services that we continue to provide. Looking at our own company our best yields are obtained on the hire desk. Sales reps tend to be manipulated on site into giving lower rates or not

.....And specialist equipment such as this narrow Denka



software in order to have our system provide yield reports that are easy to read and use. Salesmen need to understand that the words 'minimum' and 'maximum' have an entirely different meaning. While this part of the business may be boring and tedious it has become necessary for our businesses and the health of the industry as a whole."

"At the risk of repeating myself, we need to accept that none of us are without blame here and it is essential that we all acknowledge the part that we have played. It is a huge task to bring rental yields back up to commercially viable levels, but absolutely necessary if we are to continue to supply consistency and quality, providing the customer with safe, well-maintained and properly certified equipment."

"I am still very optimistic"

"I am still very optimistic about our business and the long term future of our industry. Manufacturers have already started to take a more responsible attitude by dramatically cutting production of new equipment and there will soon be a shortage of two to three year old equipment on the market.

charging enough for extras such as transport, while the hire desk tends to work on a more structured basis."

"We need to retrain our sales forces urgently and need to be more meticulous about tracking nonsensical yields. We have just upgraded our InspHire rental

Companies like our own are also diversifying into specialist equipment such as spider lifts, larger booms and truck mounted lifts which continue to perform well and where the product and the service is still respected. We all need to pull together in an effort to make this the norm for all of the equipment that we provide.

As a company we have also diversified geographically opening up in the UK and Eastern Europe as well as offering our specialist equipment to other rental companies on a cross hire basis,

providing sufficient returns for both parties."

"This is still a young industry and we have not yet come close to the saturation point for the use of this equipment. Our focus to date has largely been on the obvious construction sector. There are many other potential applications out there that are less stressful on the equipment, while returning a higher yield. For those that survive this period, the opportunities and potential for growth are still very promising."



John Ball at the Dublin Summit with Peter Power, Ireland's minister for overseas development

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