



The signing ceremony between Manitowoc and Bank of Scotland. Seated (L-R) Steve Thompson, Grove Europe finance director; David Taylor, Bank of Scotland Corporate head of direct business. Standing (L-R) Simon Burns, director, Bank of Scotland Corporate – asset finance, construction division; Steve Barnett, managing director – sales/operations Manitowoc (UK); Jean-Francois Amet, regional trade finance director -Manitowoc; Karl Kirkpatrick, associate director, Bank of Scotland Corporate.

Finance for Cranes

Manitowoc Crane Group has recently been trumpeting the extension of its CraneCredit program to the UK through a venture with Bank of Scotland Corporate. Cranes & Access takes a look at what the company is offering UK buyers. While Steve Thompson of Manitowoc details the range of funding packages best suited to cranes.

There exists something of a dilemma in the crane rental market – how does a small crane hire firm grow without purchasing new cranes? And how does it afford new cranes without increasing its cost base? The expense of lifting machinery has always caused funding challenges, with companies forced to compromise on the quality and number of cranes, potentially losing out to competitors.

Manitowoc says that its CraneCredit financing program aims to provide customers with new opportunities. The company recently announced its expansion into the UK and established an association with Bank of Scotland Corporate. Together the two providers aim to offer a 'one-stop finance shop' for companies in the construction industry.

Cranes are one of the most expensive machines on site, so finance options are essential to end users as well as fleet owners. CraneCredit claims to offer specialist advice with staff that have market experience. It also offers the usual variety of packages such as finance leases, operating leases, hire-

purchase, fixed and variable rate loans, with a wide range of payment packages. However CraneCredit claims to offer more flexible programs than may be available elsewhere.

As part of the Manitowoc Crane Group, it has the advantage in understanding the economic challenges facing the crane industry. Bank of Scotland Corporate has worked directly with Manitowoc to compile a flexible set of finance schemes, each benefiting from the other's industry expertise.

"CraneCredit allows us to offer customers an opportunity to finance cranes without having to trawl through a long list of finance companies," said Steve Thompson, finance controller and director for Manitowoc in the UK.

"We can provide a one-stop shop – their choice of crane along with the financing to meet their needs. Customers can rely on an efficient and effective service, allowing them to concentrate on the performance of their business, with the confidence they have a repayment cost structure appropriate to their turnover."

Brynn Thomas

first to use Crane Credit

Bryn Thomas Cranes, based in Flint, North Wales, was one of the first UK companies to sign up to CraneCredit. The business, founded in 1979, has grown steadily over the years and was 16th in the 2005 Cranes & Access Top 20 UK crane hirers. The latest additions to its fleet are two new 50 tonne capacity Grove GMK3050-1 units, which it purchased through CraneCredit. Derek Hook, finance director at Bryn Thomas, explained what attracted the

company to the programme.

"We like to continually update our fleet and we have always had a good working relationship with Grove. We chose a Hire-Purchase option and found that using CraneCredit was straightforward, especially as we were essentially dealing with one company, Manitowoc, the whole time," said Hook. "This simplified the application process and we were also able to secure terms tailored to meet the requirements of the company."



One of the new Grove GMK3050-1 cranes funded with a hire purchase deal through CraneCredit

What type of lease suits you?

Steve Thompson outlines the range of finance plans that are best suited to funding the acquisition of a crane.

Any Manitowoc, Grove or Potain product can be purchased through the CraneCredit programme, which looks upon each customer as an individual case and works to find the best 'fit'. Repayments can be tailored to a client's needs and income stream. It is possible to make payments annually, semi-annually, quarterly or monthly; or even make more sizeable payments during industrious periods, and opt not to pay during very quiet months. Tax benefits are available in some cases, as payments may be treated as off-balance sheet funding making them tax deductible. Most company needs can be covered by one of the standard schemes, which are:

Hire Purchase: Hire Purchase is on-balance sheet funding. It's simple to administer and quick to arrange – especially if you want to eventually own the asset. The option to purchase may also enable you to claim capital allowances. VAT is usually payable in full at the beginning of the agreement.

Operating Lease: These agreements allow many of the benefits of ownership, without the risks of actual ownership. Because of this, monthly payments are lower, and the machine may appear off balance sheet over the duration of the lease.



Steve Thompson

Finance Lease: A Finance Lease allows use of the machine for a minimum deposit and a fixed monthly rental plus VAT. At the

end of the term the customer may opt to continue using the asset for an annual minimal rental.

The above finance structures may benefit from helpful features like low (or even zero) deposits, low start payments, payment holidays and balloon payments which can all help smooth the impact of acquiring the cranes a business needs to grow.