

Why buy used?

While smaller aerial lifts or telehandlers may not have the same economic lifespan as say a crane, truck mounted platform, or large boom lift, there can still be advantages to sourcing such used equipment as part of a fleet replenishment programme, especially as lead times for new machines continues to grow. Will North reports.

The case for a buoyant market in used cranes is clear: both mobile and tower cranes have lifespans stretching into decades, depending on how they are used and maintained. Even after 10 years, a machine will retain a high residual value and still have plenty of trouble free service in it, as long as it is maintained of course. New cranes are often financed by the sale of an older model, with some of the proceeds paying off any residual finance and covering any deposit required. The purchasers then cover the interest payments from the rental revenue the new crane generates.

There is of course a division between primary markets for new cranes (mostly in the global north) and secondary markets for cheaper, but still effective, used cranes (often in the global south). These days moving machines between the two can be exacerbated by differences in engine emissions regulations, including the availability of suitable fuel. It also means that a crane that performs its job perfectly well can't be used in mature markets with the tightest regulations, but can still be used elsewhere, where, in fact, older simpler models are often preferred. The solid trade in used equipment is driven by the ever increasing cost of new models, compounded, at the

moment, by increased lead times for new equipment.

The market for used aerial lifts is far more nuanced, especially at the smaller end of the market, where commercially viable lifespans rarely stretch beyond 10 years, although some models can maintain relatively high residual values. While finance may be used for large packages of used equipment, individual items tend to be cash transactions. With most smaller lifts being electric powered, emission concerns have little relevance.

I spoke to three experienced equipment traders:

- Access industry veteran Paul Richards, now owner of Inteq - or International Equipment. Based in Oxford, with a base in Dubai, the company buys and sells new and used equipment around the world.
- Stephen Wright, national sales manager for AJ Access, the well-established UK aerial lift dealer, which works closely with sister hire company AFI-Uplift.
- Vicki Allen, who has more than a decade of experience as used equipment manager for Genie Europe, and who recently started her own used equipment business, International Platforms, during lockdown. (see: page 53).



Cranes retain high resale values over a long period



Small lifts may not have the same lifespan, but can still retain decent resale values

Intermittent and project use

For a one off or occasional user of powered access, there's a clear best path to finding the equipment you need: rent it! A rental company can offer a wide range of equipment makes, types, and models to suit different jobs that may arise. Trying to buy a machine that does everything is a challenge and usually ends up with the inexperienced buyer getting something that does not work particularly well for any of the jobs that might arise. Leaving a rental company to worry about keeping the

machine maintained, repaired and certified is another benefit.

Having said that, once an end user has their own machine, they tend to find all manner of other jobs for it, which were previously done with ladders or left to sub-contractors and before too long they wonder how they managed without one. "Rather than having to rent in on numerous short contracts from hire companies where the cost can be quite expensive, purchasing a used machine can enable the end user who has sporadic use to acquire a piece of equipment as an asset on their on their books while being able



Renting a platform as needed is still the best option for most end users



Inspecting an overhead crane is ideal for a used lift



A refurbished machine from Inteq for a recycling company

to utilise that equipment through a period of time rather than having to do expensive short spot hires," says Wright.

A good example of this approach might be a factory owner who needs to have LOLER inspections carried out regularly on overhead cranes. Having their own platform suitable for these inspections may save money, compared with hiring in a platform each time. It will also mean that, if an overhead crane breaks down, they can get it fixed and back to work without having to organise and wait on rental machine delivery.

For these buyers, who likely know exactly what they need, but who will not be running up long hours each year, buying the right piece of used equipment can often be a much better option than buying new. "It's much more cost effective on the initial investment than a new machine," says Allen. "A lot of small industrial, or light industrial, users just need to change a light bulb etc... and might only use it once a month, maybe a dozen times a year. They don't want to tie up thousands and thousands of pounds of capex on a machine that's going to have such low usage. So, a piece of used equipment is a much more cost effective way to provide a safe working environment for their maintenance guys."

Not just a simple price comparison

The cost of buying used equipment can be more cost effective than a simple analysis of previous hire spending, or than used equipment prices would suggest.

"Many users who hire in access equipment will question whether financially they are better-off purchasing, whether new or used, rather than renting," says Richards. "Many think it is simply a mathematical calculation, but there may be grants available, and capital allowances to offset against profits. It is always worth engaging with a company such as ours that understands corporate tax positions on every level of the scale, and can give good advice in this area, which can be hugely beneficial financially to businesses large and small. We would calculate for both new and used equipment and, in reality, depending on the type of work, financial and other circumstances, we would advise accordingly and could recommend either new or used - or to continue renting."

Stephen Wright cites another example of how customers without regular

requirements might benefit from buying used, on long, but fixed, term projects. "We sold a machine just the other day to a particular customer that is refurbishing office units, where he needs to replace gutters, drains and roof equipment, windows, painting and things like that. Rather than having to hire a machine over what could be a six to 12 month period, which can be costly, it proved better to purchase a piece of equipment that gives them the lifespan they need, and then write that machine off over the refurbishment period. At then end they will still have an asset on hand to use or resell."

Filling a gap?

Buying used equipment is not just for intermittent or project buyers. It can also offer benefits to more regular equipment users, whether they are using the kit themselves, renting it out, or both.

Allen sums up the best case here: "Used equipment is more cost effective on initial outlay, it offers an improved return on investment, is currently more available and provides more flexibility in both busy and slower times, given its lower financial burden and can be traded or swapped for another machine more profitably if fleet mix needs to change."

That flexibility may become increasingly important over the coming months. The construction sector worldwide has been more resilient through the Covid crisis than most companies expected. Rental companies slashed their capital expenditure and even cancelled orders in order to preserve cash, leaving manufacturers in a rush to cut capacity and cut off supplies of components, forcing their suppliers to cut back. Once rental companies realised that not only would business return to and exceed pre-Covid levels sooner, rather than later, they started placing large catch up orders for new equipment. Manufacturers are now struggling to meet the demand, thanks to capacity cuts throughout the supply chain compounded by shipping delays. The net effect are major backlogs.



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With these changes, rental companies can quickly improve their return on investment.

So far though, this has not fully translated into increased demand for used equipment, but it has made sourcing good used equipment harder, as rental companies hold onto their best machines while waiting for replacements. Here, the experiences of Richards, Wright and Allen are somewhat divided.

“Logically we would expect increased demand, but in Europe - where most of our sales stock is of recent build and current specification - we are not seeing a corresponding increase in enquiries. It doesn’t make sense, but it could be that companies are waiting out this period of uncertainty and ‘holding fire’ on capex purchases,” says Richards.

“Lead time issues have certainly had an effect on the used equipment market both in terms of demand and supply. Supply is more limited as new deliveries are delayed, limiting release of older machines for resale. Demand is increased as companies need to add or change their model mix to suit customer needs,” says Allen.

Peace of mind

As well as getting the latest equipment, buying new equipment offers a certain peace of mind. Knowing that the equipment meets the latest standards and regulations, while incorporating the latest technology, as well as the manufacturer’s warranty. “For a lot of the industry at the moment,

customers want new equipment in terms of looking for guarantees, and limited downtime,” says Wright.

How can used equipment sellers match that? Wright says that typically AJ Access will look to buy LOLER certified equipment. There however can be potential value in machines that will clearly fail an inspection but be worth refurbishing or even rebuilding. “We can check on everything from the wiring looms/harness to hydraulic cylinders and structural elements such as booms, replacing or refurbishing them where necessary. Everything we sell will of course carry a six month LOLER inspection certificate. So, we make sure that machine is safe to work.”

Allen works with a network of service engineers. “We service and LOLER inspect many of our machines and sometimes choose to fully refurbish and repaint units before offering them for sale. We work with a small number of carefully selected partners for repair and refurbishment work required and monitor the work closely to ensure that every element is addressed to achieve maximum customer satisfaction,” she says. “We also work with a network of independent engineers should a machine need attention in or out of warranty to support the customer quickly and cost effectively.”

As well as certifying machines, and offering warranties, some used



A used Snorkel A 38 sold by AJ Access

equipment companies offer longer term support. “We can also offer the peace of mind of looking after their equipment for as long as they own it via a service agreement, coupled with regular inspections,” says Wright. “So, they’ve got a safety net around them that ensures they always have a machine that is operating correctly and safely.”

Sourcing equipment

Supplying used equipment is only one half of the dealer’s role, the other is providing owners with a way to easily release the value of older equipment for fleet renewal. That can be a direct trade. “We will trade in any pieces of equipment against new, or recent, used machines,” says Richards.

Or it can be a question of timing sales so owners can release old machines as the new ones arrive,

“Once or twice a month, we take a package off somebody that has their orders for new equipment in place,” says Allen, taking delivery as the new machines arrive. “So, we are an easy mechanism for them to use to offload that equipment and get the money in, which they generally use to pay deposits on the new finance. Sellers can choose between taking cash or trading old for new. When we are contacted by a customer looking to refresh their fleet, we value the machines that they are looking to sell, usually in terms of a straight purchase, so they can put cash back into the company. But we can also purchase used equipment, combined with the supply of new equipment. For example, they might look to take 10 to 15 units and replace them with five new ones.”



Before and after photos of refurbished equipment at AJ Access



Two Genie scissors being charged at International Platforms before shipping to their new owner in northern Europe

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A time for renewal

What does it take to start up your own used equipment business? That's a question UK based Vicki Allen faced when she struck out on her own, at the start of the Covid crisis. Will North reports.

At the start of the Covid crisis in the UK, with the country entering its first lockdown, Vicki Allen and her daughter Jade were both on furlough from roles in the access market. Vicki had worked for Genie for 12 years as a used equipment manager, covering Europe, Africa and the Middle East, followed by four years at AJ Access Platforms. Jade had spent more than two years on the hire desk with AFI Uplift.

The idea was to bring together Vicki's contact base and industry experience, with the insights Jade had gained in customer service with

AFI: Vicki would find the machines, and Jade would handle sales and support. They decided on the name International Platforms.



The new office is ready



International Platforms' first machine hand over



Jade (L) and Vicki Allen checking out machines at the Niftylift factory



A delivery from Bella Access for International Platforms to check over and sell

Jade was first to join the new business, with Vicki joining after serving her notice period. They started without a bank loan, or outside investment, so keeping cash in the business was important. As Vicki was planning a house move, they each chose to find somewhere small and affordable.

Building trust and confidence

The network and reputation Vicki had built while working with Genie was key. "For most of that time, I was working in Europe managing used equipment for Genie throughout the region," she says. "I was responsible for both valuing and reselling all the trade in machines offered to Genie. I had to build a dealer network, in order offload those machines throughout the region. So that enabled me to build a really good customer and contacts base, and I am still in contact with most of them today."

"One way to build trust is by being a reliable business partner, over many years, another is to fix any problem that might arise promptly and reliably. That's where Jade comes in, at AFI she had been dealing with transport drivers, engineers, and getting breakdowns fixed."

"It was an extremely fast paced environment, but I loved it," adds Jade.

"You must always have to plan for the occasional 'nightmare' machine when selling equipment: There's always gonna' be one or two over the course of a year, we just have to just bite the bullet and get it fixed. It's going to cost money. But the customer needs to maintain use of that machine," says Vicki.

"We've only had one absolute nightmare this year that has just gone on, and on, and on. It has evaded three or four engineers who have tried to find a solution. That machine is now fixed and back on the job." In cases like that, the Allens send out a spare machine from stock, or arrange to re-hire from another supplier.

"We've not had a complaint yet," says Jade. "Even the customer that had a nightmare with his machine. He's not said a bad word as long as we do what's right by him."

Spotting what and how to buy

Part of the skill of equipment dealing is spotting what to buy and when, as well as having the funds to take advantage of it. For a start-up, that doesn't rely on debt or have a big



"Our small yard is often full, this might be a good thing: it stops me buying more kit, and tying up more money," said Vicki Allen.

initial investment that can be a challenge. A high level of trust helps too. But starting a business in the middle of a global crisis adds a whole new level of stress.

"You think to yourself, are people actually going to buy anything? My gut instinct is that they're going to

have to buy something. But who's to say we're not going to just keep bouncing in and out of lockdowns, leaving companies with little to no money?"

"I was really fortunate to have some goodwill from certain people that enabled me to have payment

terms saving me from having to pay for machines up front, before I shipped them and then got the money in. The main way we work is somebody comes to me wanting to sell a package of machines, I value them and then we negotiate and agree a deal."

"So sometimes the rental company keeps the machines in their fleet whilst I find buyers for them. And then, as and when the buyer is found we buy it at the agreed price. And anything I can get over and above that is my margin of course."

"Other companies just want to get rid of a block of machines in one go. So that's when it's trickier for me at the moment, because that can mean £50,000 or £100,000 outlay. So, I to try to negotiate and say, 'Okay, I'll take this block this month, and then I'll take that block next month' and because people know that I do what I say, once they are sold, I will pay for them, and then come back for the next batch, they're happy to work like that."

A new crisis

At the end of 2020, an end was in sight for the Covid crisis in the

UK, although a new lockdown in England ran from Christmas through until the spring, but the vaccination programme was on the horizon. And then another crisis loomed: the delayed implementation of border controls between the UK and the EU, and of the Northern Ireland protocol.

The used equipment business is by its nature international. Finding the right equipment, and customers for it, requires the open border crossings that Allen was used to while at Genie and AJ Access. From the outset, International Platforms has traded international, but buying outside the UK has become harder with covid travel restrictions.

"Buying at a distance is risky, thankfully I do know some people, that I trust enough to buy from them 'blind', but normally you want to go and see the equipment first hand. But as we are still in the early stages of our business and it's an added financial commitment to travel abroad to buy a package of equipment and then have to sit on it until it's all sold."

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The reintroduction of customs controls has also made selling equipment overseas harder. "When we first started, it was 50/50 sales in the UK and overseas. But then Brexit hit, and all of our overseas business vanished overnight. That was a frightening moment. Nobody knew how to get anything across the border. Nobody knew how to import or export. The costs involved in transporting equipment went through the roof. And it took three to four months before that started to come back on any level.

"We fought hard to find a system to get through the customs mess. Nobody knew what terms to put on anything. They didn't know what custom commodity codes to use. The transport companies were hiking the prices because of the delays it was taking to get through the ports, with paperwork mismatches and stuff like that. So, I think after we'd done the first few, which were particularly painful, we began to get some confidence in what we were doing and that the paperwork we were issuing was



Three fully refurbished Skyjack 6832RTs sold



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correct." In the last quarter, around 60 percent of sales were overseas. So, is the business meeting or exceeding the Allen's expectations? "I would never ever have expected it to be this busy. In the first year alone, we did just shy of £3 million

in turnover. And I think this month alone, we have, topped £350,000, it is just incredible. It's just going from strength to strength. Our approach and systems work, and both our suppliers and customers are using us repeatedly."



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