

Leasing Equipment – Buyer Beware

By David Spiel,
Spiel Associates, Inc.

When a printer or finisher is considering new equipment and sits down with a supplier and a leasing agent, how does the finisher know who is on his side and who is looking out for his best interest – or even knows what the “best interest” is? Consider this: An honest machinery dealer will not oversell a customer on equipment, especially if he wants future business. A leasing company, in many cases, is not concerned about what is the best equipment for the application or even has any understanding of what the best options are. Granted, many leasing representatives are honest, hardworking people who will not oversell a customer, but there are those who will.

I recently worked with a customer who was starting from scratch and needed to buy a perfect binder, a laminator and a case binding line. When I visited his plant, I didn’t see a paper cutter. It may be the first shop I have ever been to that didn’t have one. The shop did no cutting and only needed a cutter for this particular application. I suggested a particular lower-priced cutter because it was the right fit for the customer. When the leasing agent asked why I had sold the cheaper cutter, I told him it was the right fit for the job and the customer didn’t need anything more for his application.

Many times with digital printing equipment, I have seen companies trying to sell bindery equipment with the lease and the customer not really getting a fair look at what bindery equipment might be best for the operation. This is where it can get tricky. Are the supplier and leasing agent one and the same? If so, how can the customer tell if the agent is understanding the additional bindery or other finishing equipment the customer might really need?

The large digital printing equipment companies have their “go to” partners for bindery equipment, in many cases. That makes sense for them because they can pick out what the customer needs from a shopping list: perfect binder, laminator, inline punch, etc. Now most of the machines they will recommend are good machines, but are they always the best fit for what the printer/finisher may be using it for?

If a particular printing equipment supplier only has one partner for bindery equipment, that is what he will recommend. A savvy customer will compare it to other brands and look at what is available in the marketplace. There are a variety of quality suppliers of bindery and finishing equipment that can work both inline or offline with most all digital printing equipment.

And, depending on what the application or applications are for new digital printing equipment, it may be that additional bindery or finishing

equipment is not necessary at all. For instance, if the customer assesses that there will be less than 30% of the jobs that will need to be perfect bound, why invest in a perfect binder? In any medium- to large-sized cities, printers can find a trade binder/finisher to work with to help with binding needs. With the current shortage of labor, it might make even more sense to work with a trade binding/finishing partner.

The key is to be aware of what else is available. I highly recommend that customers evaluate the potential choices before including whatever bindery equipment is offered to them because it is easy to include it in a lease that covers the digital printer and bindery equipment. It is all on one lease and it is the easy decision, but it may be overpriced, and it may not be the best machine of its type.

Another bindery option that I see many customers purchase with their digital equipment is an inline punch for plastic or wire-o coiling. When I ask the customer the price, I always hear the same answers: “I don’t know, it’s in the lease,” and “I don’t know how much I am paying, but it is not much.”



A good entry-level offline automatic punch should last at least 10 years and maybe even 20. A heavy-duty automatic punch, if maintained properly, should last at least 20 years. So, does it make sense for a customer to purchase an inline punch if there is potential to move to a different or larger digital press in five years? Also, a good entry-level automatic punch should punch over 50,000 sheets per hour. This can handle multiple digital presses. So, there usually is no need to have an inline punch on every digital press if the customer already has several. And, if a press goes down, the customer has no access to the punch. In this case, an inline punch makes little sense except for potentially smaller operations with only one press and where it is most likely it will stay that way. Finally, can the inline punch handle the wide variety of paper stocks and sizes that a standalone punch can produce? The answer, in most cases, is no.

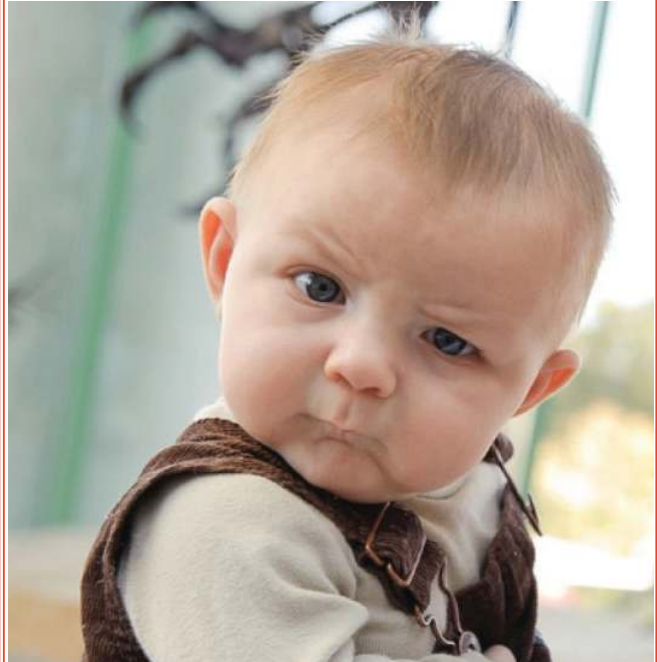
The same holds true for perfect binders. Inline perfect binders are very expensive, extraordinarily limited and often cannot bind a good variety of stocks and sizes. Buying one makes sense if printers know what jobs they are expected to run on a regular basis, but it makes little sense if the customers are expecting a variety of jobs and paper stocks. Again, a quality offline perfect binder will last at least 10 and maybe even 20 years and, in most cases, are much less expensive than an inline option. Does a customer want to buy a new perfect binder each time the shop upgrades to a new digital printer? In addition, as stated earlier, it is important to look at how many jobs the customer will be perfect binding. It may make the most sense to partner with a trade binder/finisher for the bindery work.

The bottom line is when a printer or finisher sits down with a sales rep and/or leasing agent, the factors above should be considered. Is the agent selecting the best binding/finishing equipment for what the printer will be producing or is equipment being sold that happens to be part of what the digital printing equipment company is offering? Is the finisher getting the best price, or is it just hidden in the lease? Can the machines do most or all the jobs that are needed to be produced, or will the printer end up farming a fair amount of the binding/finishing work out? Lastly, when analyzing what type of binding will most commonly take place, does working with a trade binder/finisher make the most sense?

When the leasing company rep asked me, "Why didn't you sell him a more expensive cutter?", I replied, "Because he doesn't need one." ♦

David Spiel is the co-owner of Spiel Associates, Inc., a bindery and finishing equipment supplier in Garden City Park, New York. For more information on Spiel Associates, Inc., visit www.spielassociates.com.

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