



ENTREPRENEUR

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The Key to Becoming a Successful Entrepreneur is Letting Someone Else Take Care of the Dirty Work



In 1995, I was hired as a consultant by a healthcare management firm to perform an analysis of a much smaller firm. In the course of my work, I was flabbergasted to be presented with the opportunity to purchase the firm and run it myself. Almost overnight, I moved from a position as an expert in **JEAN RICE** management to the role of entrepreneur and business owner. Had I stopped to think about all of the pitfalls of what I was going to do, I probably would have run the other way. But fortunately, I was carried away by the excitement of the possibilities, and Action Healthcare Management Services, Inc was born.

The start-up and overhead expenses that come with owning an entire company are totally overwhelming. As my new team and I researched ways to reduce these costs, we discovered a fantastic new direction when we contacted a San Diego-based equipment leasing firm, Five Point Capital. In addition to securing all of the furniture for our new 5,700 sq. ft. office, we were also able to lease an advanced phone system, computers and many of the other essentials of running a business. In just one week, the office was outfitted and ready for business. And by paying for all of the equipment in installments, we freed up capital to use for other purposes.

Most companies expect a new business to pay the full amount in cash upon delivery. For a small first-time entrepreneur like myself, that is not an option. However, with the leasing company behind me, we were able to order everything we needed, email all of our information, and print out and sign the forms -- I had everything in hand the following week -- quickly and painlessly.

Working with a leasing company is pretty simple. The business owner and leasing company set forth an agreement to finance equipment that the business needs. Essentially, the leasing company (the lessor) allows the business (the lessee) to lease the equipment and pay for it monthly over a fixed time period of typically two to five years. The lessee determines the type of lease that best suits its needs, which usually depends on whether she wants to own the equipment at the end of the lease term or if she wants the flexibility of being able to "return" the equipment to obtain a more up-to-date replacement.

Any business can be a lessee. Leasing companies secure the funds to pay for your equipment from a funding source, such as a bank. The leasing company ensures that all necessary paperwork is completed and coordinates with the equipment vendors to ensure that payment and delivery are in sync with the needs and timeline of the business. They oversee and follow up on any issues that may arise during the process.

The lease contract can be for a single piece of equipment, or it may be written as a master lease that covers all equipment leased by the lessee. The business owner has a non-cancelable obligation to pay lease fees and maintenance costs relating to the equipment during the lease term. The lessee also bears the risk of equipment loss or damage, and insurance is therefore required of the lessee.

Business owners acquire the equipment needed, at the vendor of their choice, and directly negotiate the purchase price, close the deal and assign the purchase order to the lessor. The lessor then completes the lease and provides the funds directly to the vendor to purchase the equipment for the business owner.

Equipment leasing companies generally help their clients access quick financing by using non-recourse (non-collateralized) debt. Because of their relationships with financial institutions, most leasing firms, use a process that quickly establishes the credit ability of the business owner with no financials required in leases under \$100,000. This allows for some of the fastest turnaround in the industry – from hours to just days. Equipment leasing requires zero down payment and 100% of the equipment cost may be financed. Many equipment leasing companies even fold in sales tax, delivery, installation and training to the total lease. Additionally, a lease doesn't tie up the business owner's personal credit to qualify and, in most cases, offers substantial tax benefits. Equipment leasing has benefited thousands of businesses and helped many healthcare management owners like me run a successful and profitable business with no headaches.

There are many types of leases to choose from depending on the terms that best suit the business' needs. For example, the Fair Market Value Lease, is an excellent option for business owners expecting a decrease in the value of their leased equipment. The lease agreement provides three options when the term of the equipment lease ends: purchase the leased equipment at fair market value, renew the equipment lease or return the equipment.

Another lease financing option is the Dollar Buy Out Lease. With this option, at the end of your lease term, a business owner may "buy" the equipment for just a \$1. This is an appealing selection for businesses whose equipment will not lose value looking to keep equipment at the end of the lease.

Many equipment leasing companies also offer commercial leases for large equipment purchases over \$100,000. With this particular lease, many banks will include equipment leases on a business' available credit and reduce the credit line limits accordingly. Some equipment leasing companies, however, including Five Point Capital, have special arrangements so that equipment leases won't affect a company's available bank credit.

I was an open-heart surgery nurse for 30+years and an operating room manager for 8 more. Making the switch to female entrepreneur presented me with exciting but scary new challenges. As a nurse, I thought on a one-on-one patient perspective; as an entrepreneur, my perspective became global. My focus became financial and budget concerns took priority over health care concerns.

“Being able to execute all of her equipment needs in one shot really made Jean’s life easier,” according to Dan Feder CEO of Five Point Capital. “Not only was she able to identify exactly what she needed in one easy step instead of having to shop around for equipment, but she also ended up saving over \$15,000.”

Over the past 12 years, we’ve quadrupled our business and re-engineer the healthcare company I took over so naively. I learned to take risks, and trust my team as well as my gut. As an operating room nurse, I learned to rely on the expertise and thinking of the people there with me. As an entrepreneur I learned that when you surround yourself with experienced, positive people, you can draw on their positive thinking as well as their life experience. It was an associate who presented the idea of leasing equipment -- I doubt that I would have thought of it on my own back then. But I recognized that it was the right idea at the right time.

When you start a business you have to make some bold and frightening moves. Equipment leasing was one of those moves, yet it helped me to minimize some of the stresses and costs a new business brings. It’s an option that you might find will work for you.

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