Bringing Production Back to the U.S.

Struggling with the consistency of its offshore products, a small manufacturer of hybrid and performance after-market racing parts decided it was time to bring production back to the United States. Going from outsourced to in-house manufacturing required a significant change in business operations, and a large investment in new milling and mold-making equipment. With guidance from U.S. Bank, the company changed course and started to grow. When the company needed to add equipment to keep up with demand, U.S. Bank provided much-needed financing and expertise.

Financing Strategy To Support Business Changes
The company had a high cost of operations compared with its asset base, and net income was light by comparison to operating costs. The company was not in a position to finance equipment at the time, but David Besselink, U.S. Bank Equipment Finance – Manufacturing Vendor Services, discussed options to get the business’ finances back on track. “We started by focusing on the company’s specific needs and developed a strategy that would help it lower production costs and improve capacity so it would be better positioned for equipment financing in the future,” Besselink commented.

Tax Benefits and Flexible Financing for Growth
The company stabilized financially and began to grow. With growth of the company came the option of adding new equipment, allowing the company to further expand.

As part of the new equipment financing agreement, the company wanted to increase its tax deductions. Despite the reduction of certain government tax incentives, U.S. Bank evaluated and presented options to maximize the company’s tax benefits; while keeping cash flow in line. U.S. Bank provided a solution with a low monthly payment, greater tax savings and the flexibility to buy the equipment or change out the machines to new or upgraded machines if the business required it.

“The company now has the payment flexibility to do what it wants with the equipment,” said Besselink. “Rather than being tied down by complex financial requirements, the direction of the business can dictate what the company does next.”

A Platform for Increased Capacity
The company now has the capacity to build new products and provide contract work for manufacturers with overflow, in addition to manufacturing its own higher-quality products for less money. New machinery has resulted in additional manufacturing business that is helping the company grow.

Besselink stated, “We want to be more than a financial resource. We want to be a long-term partner and advisor who knows and understands our clients’ business and help them be well-positioned to develop and maximize their opportunities and growth for many years to come.”

U.S. Bank Equipment Finance – Manufacturing Vendor Services
We are committed to helping businesses finance their manufacturing and packaging equipment.

As industry specialists, we lend our expertise to your equipment financing decisions through sound advice, innovative solutions and competitive financing alternatives.

We provide financing for many equipment types including, but not limited to, metal cutting, fabrication, plastics equipment, packaging, used equipment, plastic auxiliary, tooling, bar feeders, overhead cranes, molds, material handling, software.

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