



Kelly Tractor Co. Construction Equipment Trend: Rent vs. Buy

By Kathy Koch

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Twenty years ago, Kelly Tractor identified a segment in the construc-

tion equipment industry market that had never been addressed – the idea that there may be an advantage for a company to rent a drill rig rather than purchasing one. Making a commitment to explore whether or not the interest was an anomaly, Kelly Tractor put the word out into the market: If you need a drill rig, you don't have to buy one any more; you can rent one from us.

“We only had 15 rigs in our fleet back then,” said Bob Byrne, Kelly Tractor IMT Sales Representative for the Southeast USA, Caribbean, Mexico, Central and South America. “The big drilling companies were used to going after all the work, so there was a mixed reaction to the idea of renting. The interest was more from smaller companies because the ability to rent allowed them to self-perform. Being able to rent a machine for a smaller job meant they had an opportunity to do their own drilling. This was unheard of at the time.”

As time passed, interest grew from larger companies that realized there may be advantages for them to rent, too, especially when the economy was good and work was abundant, but they may not have enough equipment to service their customers. Renting a drill rig made the machine immediately available without capital costs, a practical solution for a job that may only last six months.

Over the last five years, interest in renting has escalated, not only for



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For 20 years, Kelly Tractor Co. has seen a shift from purchase to rent, with the past five years setting new records.



Kelly Tractor, but across the industry. "We realized that in order to service this market well, we needed to make a commitment to have an extra-large rental inventory, make it available across the country, and then back it with a support team to keep everything in good working condition," explained Bruce Budd, Kelly Tractor Crane and Foundation Group Manager. In addition to their locations throughout Florida, Kelly joined forces with other Cat dealers throughout the country to stock rental machines at their locations, minimizing travel time to the job sites. "This model has been working for our customers. Once they recognize they need a drill rig, the sooner they can get the machine to the job site, the better."

Updated OSHA safety standards for equipment use at construction sites and operator safety prompted Kelly Tractor to add the rental of Link-Belt telescopic crawler cranes to the drill rigs.

When to Rent?

Experience in the construction equipment industry indicates that a company should consider rental if it does not use a piece of equipment more than 60 to 70 percent of the time.

Many companies want to include the rental cost of a drill rig or telescopic crawler crane when they bid a job, or if they have secured a short term job. They have also found that rental offers a way for a contractor to

test the equipment and evaluate whether or not purchasing the machine is justified.

"We see the rental market for construction equipment continuing to increase over the next few years," commented Budd. "Construction has rebounded after the recession and is growing. Rentals can respond to fluctuations in demand and geographic need." Budd predicts continued growth in the construction industry will positively impact the drill rig/crane rental market. Equipment rental will continue to allow small and medium sized business to gain access to the latest construction equipment at minimal cost. Kelly Tractor plans to maintain or grow the size of its drill rig rental fleet and increase telescopic crawler crane availability.

Kelly Tractor's story is not unlike that of many other successful construction equipment manufacturers and suppliers.

Kelly Tractor listened to its customers and gave them what they asked for. The Caterpillar and Link-Belt dealer network assists in providing a seamless service experience. These partnerships reduce downtime and enable Kelly Tractor to sell, rent, lease and service a rig or crane anywhere in the U.S. or Canada.

Headquartered in Miami, Kelly Tractor serves the construction industry with a wide variety of equipment. Since 1933, the company has provided rentals, leasing, sales and servicing of equipment for highway and bridge building, water and sewer, land development, housing, aggregate quarries, agriculture, warehousing, seaports, marinas and other markets. Kelly Tractor sells and rents IMT hydraulic drilling rigs to foundation drilling contractors throughout the western hemisphere.

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The information that appears in the Equipment Innovation department is provided by ADSC Associate Members through the association's Associates Committee. Submittals should be sent to Committee Chairman, Roy Kern at: akern@ecanet.com. (Editor)



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REQUEST **IMT** WHEN THEY NEED
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PARTS



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**THE RIGHT
MODEL FOR
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