

Case study: Watson Hire Limited, Republic of Ireland



From strength to strength

Challenge

To update and expand a rental fleet of equipment, following a challenging recession.

Solution

Mitsubishi HC Capital Europe (formerly Hitachi Capital European Vendor Solutions B.V.) worked closely with Watson Hire Limited to create a long-term finance partnership that met the needs of the business and its customers.

Result

Thanks to the financial support from Mitsubishi HC Capital Europe, Watson Hire Limited has expanded its rental business, doubled its turnover in four years and made continuous improvements in profits.

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Understanding the needs of the business



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John Watson, Owner of Watson Hire Limited

Background

Based in Letterkenny, County Donegal, Watson Hire Limited is an independent supplier of tools and rental equipment. Established in 2005, it was initially a tool hire shop with six employees. Since 2008, it has offered rental equipment in addition to sales, and currently employs 17 staff.

Customers are typically home owners and small-sized building firms. However, in recent times, and with an expanding fleet of machinery, the company has been engaged on larger construction projects.

Business challenges

Following the end of the recession, Watson Hire Limited decided to rebuild its rental fleet with new machines. Its existing equipment was aging and required costly maintenance, and its customers always want access to the latest models.

However, its borrowing options were limited and no banks were willing to offer the necessary financial support. “We had tried to enter into discussions with other banks, but none were interested in lending us the capital we needed,” says owner John Watson. “Between 2005 and 2007, securing a finance option was relatively easy, but that all changed in 2008. The banks in Ireland simply didn’t want to lend, which created long delays, and no arrangements being agreed.”

The solution

John was first introduced to Mitsubishi HC Capital Europe in 2016. Prior to that, Watson Hire Limited had been struggling to secure funding since the recession.

“The initial conversation was immediately positive,” recalls John. “Mitsubishi HC Capital Europe looked closely at our business and saw a workable change of direction. They moved fast, and spoke to our accountant and banking team before making a quick decision that they were very happy to support us.”

From there, Mitsubishi HC Capital Europe’s credit team took Watson Hire Limited through the process, which only took a couple of days. “I was surprised by the rapid turnaround,” adds John. “Other banks can often take weeks or months to come to a decision.”

With an efficient solution from Mitsubishi HC Capital Europe in place, John has been highly satisfied by the level of support he receives: “We prefer to own equipment over a period of four years on hire purchase, then sell it on. Mitsubishi HC Capital Europe offers us the flexibility to do so, as well as terminate and settle early. Many banks either don’t let you do this or penalise you for doing so.”

The result

Thanks to the solution from Mitsubishi HC Capital Europe, Watson Hire Limited has doubled its turnover in four years, and made year-on-year improvements in profits. In 2013, the company had only five vehicles, but now it has 17 in its fleet. Even through the tough times, Mitsubishi HC Capital Europe has demonstrated its commitment as a long-term partner.

Mitsubishi HC Capital Europe has now put a credit line in place for Watson Hire Limited, which allows it to offer speed and convenience to its customers. With continued growth, Watson Hire Limited plans to buy more machines, expand its existing premises and recruit additional staff.

“The best thing about Mitsubishi HC Capital Europe is that they pick up the phone to talk to you,” concludes John. “They offer a personal touch, in which you’re allocated an account manager who builds a rapport with you. Rates are important, and Mitsubishi HC Capital Europe is competitive, but flexibility and strong relationships are just as vital.”

