

THE STARTING AND
MAINTAINING OF A
LOGGING EQUIPMENT
RENTAL SERVICE AND
QUASI-BROKERAGE

SUBMITTED BY
WES WETZEL

MAY 25, 1954

SUMMARY

The starting of a business is a very intangible process. From the time when you are working in a field to the time when you are listed in the^yphone book as dealing in that field is a gradual and conservative advancement. No steps to this process can be enumerated for such a transition has grown out of experience, professional contacts, the feeling that there is a place for you, and the courage to step out on your own. This report includes a general coverage of the major considerations in starting such a business. The need for such service is open to your opinion; and a general discussion of name, office, taxes, laws, insurance, and maintaining of such a business are here for your consideration.

TABLE OF CONTENTS

SUMMARY	I
INTRODUCTION	1
THE NEED OF A LOGGING EQUIPMENT RENTAL SERVICE.	2
THE NAME	2
OFFICE	3
TAXES AND INSURANCE	4
LAWS	5
MAINTAINING THE RENTAL SERVICE	5

INTRODUCTION

While many papers have been written on starting a business, there is at the present time very little coverage of starting a logging equipment service. The information in this report has not been gathered from outside references, for there are few, but rather from interviews, personal experience, and just general discussion with people in the logging industry. It is by no means complete in every detail, nor does it present any concrete statements of fact. It is intended to present the problems encountered in starting a logging equipment service and quasi-brokerage, leaving the reader or prospective businessman to make the best choice for his particular circumstance. This topic will have to be defended due to the fact that there has been few previous examples of such a service here in the Northwest. Does such a business have a place in the logging industry of the Pacific Coast? In defense of this question the need for such an organization has been included in the report.

THE NEED OF A LOGGING EQUIPMENT RENTAL SERVICE

The present trend in the logging industry of the Pacific Northwest is to more intensive management in 2nd growth Douglas-fir. With this trend is coming prelogging, relogging, and the commercial thinning. The bigger logging companies have found that it is more economical to contract this type of utilization out to the gypo logger. The gypo logger could very well be the patrons of a logging equipment service. Often they might find that their own equipment is not adequate for the job they have to do, or possibly a gypo just getting started will be completely without machinery. A recognized equipment rental company might service these needs.

forward

*X
one or two*

In a personal interview with an insurance salesman a further need for such a service has been presented. At the present time insurance companies are writing two general types of insurance on logging equipment. One type of insurance covers any loss due to damage of equipment, and the other provides for rental of any equipment which is not operating due to this damage. It is conceivable that a working agreement between the insurance company and the proposed logging equipment service is practicable. The logging rental service could provide any equipment which the insurance policy might dictate.

)

THE NAME

The name of any business may seem incidental to its success, but this is a wrong assumption. The name should suggest to all intended patrons the full extent of the business's service, and

not limit it in any way. For an example, there is a heavy equipment service here in the Northwest, which has received a good reputation in the structural steel industry. The name is "Oregon Erecting", located centerally around Portland, Oregon. Even with years of good reputation this company found that it lost many good contracts in Washington, because of its restrictive name. The name may seem sufficient at first, but at the offset a name must incorporate any conceivable expansion. Before any personal name be included in the name of the organization careful study must be given to insure that such a device will not discourage any patrons.

OFFICE

At the offset of any business venture capital is almost universal as a limiting factor. Buying heavy equipment is in itself a large investment, and funds remaining to furnish an office for the logging equipment service may be negligible. However, in the beginning a business office may not be necessary. The important consideration is of course to maintain a vigil at the telephone so that patrons may rent equipment at any time. A suggested method for meeting this problem at a minimum cost is to have calls come into a used car dealer, for example. The salesman at the car lot can then forward the message and in turn the patron can be called, and arrangements made which should satisfy his needs. Such an arrangement would not be evident to the patron for the phone would be listed under logging equipment service, and of course enough knowledge of the operations of the company should be at hand so that the car dealer can satisfy the customer.

TAXES AND INSURANCE

The ownership of the organization will be in one of four legal groups.

1. Individual proprietorship
2. Partnership
3. Corporation
4. Cooperative

*sp?
this is spelled
right*

Each of these is influenced by practicality, capital, and taxes. Taxes under each of these categories vary due to their legal form, and each should be familiar before any one is chosen. This consideration is typical of all businesses and is, therefore, beyond the scope of this paper.

*sp?
this is spelled
right*

Insurance on the equipment is one of the largest annual outlays of cash. This may be covered in two ways, by the owner or the leasee. Should the equipment be operating on private land, then the insurance may be paid by the leasee, as set up in the contract. In most instances, however, the insurance will be covered by the logging equipment service itself. Insurance costs will vary widely over the range of equipment, but an example of such a cost is 750 dollars a year for a 25-ton mobile loader. To obtain a permit to travel over the public highways the state requires, in some cases, that bonds be put up to insure against damage. These bonds may be financed through bonding companies for about one percent of the bond.

?

?

=

LAWS

The state requires that equipment be registered before it is allowed to operate. This may be under one or both of two forms; license or permit. This may not be as expensive as it may seem, for example, to license in Oregon this same 25-ton mobile loader (fixed load) costs 10 dollars. This allows it to travel on the highways. A permit to travel over the highways, for a specific time and route, is even cheaper than this. Each state issues these licenses or permits on three basic characteristics; weight, width, and the height of the machinery. The weight allowed in Oregon is 550 pounds for 1-inch tire width of tandem wheels. This is just a general rule and is to be supplemented by the exceptions found in the state laws. The width allowed, without a special wide load permit, is 8 feet. This may be exceeded on either side by 2 inches by tires, lights, mirrors, mud flaps, and other removable items. The height allowed is 12 foot 6 inches without a special permit.

MAINTAINING THE RENTAL SERVICE

After the business has been established it will become evident that patrons will want to rent more equipment than the company has. Here is where personal contacts with people in the logging industry will become a necessity. To know where to go to get machinery which can be rented and then rerented may very well dictate the success of the business. Working agreements with logging companies, contractors, and gypo loggers can be the basis for satisfying

the customer. The rule of this business in order to survive
should be never fail to acquire equipment for its patrons.

}

The progressive businessman will not wait for patrons to come to him, especially at first. Find out where machinery is needed, and then make the rental service recognized by this need. Pushing a business must be tempered by a good business personality, and with this personality it will succeed.

EATON
CORP.
BOSTON
U.S.A.
RENTAL SERVICE