

Tips for budgeting and choosing the right LCV

 By [Des Fenner](#)

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Making sure that 'more money flows into the business than flows out' is the basic law of survival and growth for all small business owners. However, keeping cash flow positive can be difficult when the business needs a vehicle for deliveries and collections, and the owner is looking at what could be a major expense for months to come.



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Making the right vehicle buying decision means making sure that the chosen vehicle ticks a number of boxes. How to make a vehicle purchase work for you is best done by writing down all the numbers.

Budget tips

- Getting your budget right by deciding up front what the company can afford on a monthly basis.
- If there is enough money in the company kitty for a deposit to be paid. The ideal is to put down at least 10% of the purchase price. The down-payment will help reduce the monthly instalment price.
- Deciding whether to use instalment payments for the vehicle, or whether to opt for a business lease agreement. Instalment plans mean that the vehicle belongs to the company after it is paid off. A lease agreement, which can be on a full maintenance basis, costs more every month but offers the benefit of a fixed monthly sum over the lease period. The vehicle is then returned to the lease company at the end of the term or can be purchased by agreement.
- Understanding that estimates for servicing, maintaining and insuring the company vehicle should be factored into the monthly costs.
- Checking whether the VAT paid on a vehicle is deductible. This helps reduce the acquisition cost of the vehicle.

When the decisions on how the vehicle is to be bought are sorted, it is time to look at what vehicle is best to buy.

Tips for selecting the correct vehicle

- Matching the vehicle to its purpose. Buying a vehicle that is too small or too large means money being wasted. The Datsun GO+ Panel Van carries loads of up to 542 kilogrammes and can swallow loads with a volume of 3.4m³. For an SME owner, these figures mean fewer deliveries and lower costs per trip.
- Working out what the van's average running costs per kilometre are.
- Looking at maintenance costs.

- Looking at the costs that could be incurred if the van is damaged in an accident or requires major parts.
- Doing your research to ensure that you are choosing a vehicle that carries independent bodies' stamps of quality.

The independent Kinsey Report shows that maintenance and repair costs for the Datsun GO models, including the Datsun GO + Panel Van, are the lowest in the country and have been for two years running. That's good news when it comes to maintenance and insurance premiums.

Today, business is tough enough without cash flow being placed under pressure because the wrong decision is made when buying a light commercial vehicle. Take time and carefully consider your options. It is how you think and how you buy that makes the vehicle acquisition good for you and your business.

ABOUT DES FENNER

Des Fenner is the general manager of Datsun South Africa

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