NORTH AMERICA

SDLG IN ACTION

Snow Survivors

Sdlg ramps up for snow removal season

Tier 4 Ready to Roll

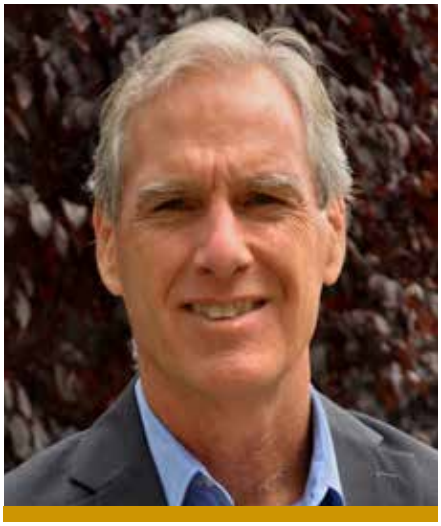
New loaders for North America

Counting the Cost

Measuring the total cost of ownership

GUTS AND GRAVEL

Introduction



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Hello and welcome to *SDLG in Action*. It has been quite a ride since SDLG first launched its lineup of wheel loaders in North America a few short years ago. From the outset, the company saw a niche in the market where its loaders could be an ideal fit, and we're happy to report that the machines have been met with a great response in the region.

The value proposition of SDLG wheel loaders is clear. They are well-made machines, backed by great dealerships and generous warranties. It's no wonder that they are some of the highest-selling wheel loaders in the world, and North America is starting to see why. For a certain type of customer—namely one that doesn't need to use the machine for lots of hours each year and doesn't need the features of a more expensive premium model—SDLG's loaders are giving them a return on investment they have not previously enjoyed.

SDLG has rapidly expanded across North America since its debut in the region. Its retail sales have seen more than 10 straight quarters of growth over 50 percent when compared with the previous years. In spring 2016, the company opened up its second regional distribution center in Seattle, Washington, to serve the West Coast, doubling its equipment shipping and customization abilities. A distribution center and parts hub just outside of Atlanta, Georgia, feeds the East Coast.

SDLG is luring new customers of all sorts. The wheel loaders have become great snow removal tools for several municipalities and states, for example. Construction companies are using them for bridgework and material handling. Roadwork outfits are using the loaders to improve their operations. Companies that work with corrosive chemicals are finding that the lack of expensive electronics to be damaged on them helps bolster their bottom line. There's no one industry that SDLG seems to fit with best. The brand is winning fans across the board.

It's been a great journey introducing SDLG to North America, and as we head into the future with the new range of Tier 4 Final wheel loaders, it's plain to see that the best is yet to come.

Job Site Report

Beating back Winter Storm Jonas

The New Jersey Department of Transportation (NJDOT) used eight SDLG wheel loaders to tackle the biggest winter storm of the year.

Record snowfalls fell on the state of New Jersey in the wake of Winter Storm Jonas. Some regions reported that more than two feet of snow accumulated in a single day. The massive amount of precipitation meant that every vehicle in the state's snow removal fleet would be commissioned for the cleanup, including eight SLDG wheel loaders.

Steve Butkus, crew supervisor for the NJDOT, said the wheel loaders excelled during the storm cleanup due to their toughness and ease of use.

"When Winter Storm Jonas hit, I was suddenly responsible for clearing 24 in of snow from 150 mil of highway," he said. "The SDLG LG948L was our primary machine all through the process, running 24 hours a day to get the people of New Jersey moving again. It not only performed well, but did so comfortably, thanks to its intuitive controls."

In total, the NJDOT rented eight 3.0 yd^3 capacity LG948Ls for the winter season. They were chosen because the seasonal nature of the job often doesn't warrant extensive use. Additionally, snow removal often involves corrosive materials, such as large amounts of salt, so it made more sense to let a less expensive wheel loader absorb the punishment.

"We put the SDLG loaders to the test, moving very close to 1,000 USt of salt during the storm," Butkus said. "We wouldn't even attempt this kind of punishing work with a premium loader, but SDLG strikes the right balance between performance and affordability."

Of course, subjecting machines to such corrosive materials comes with risk, but that risk is mitigated by their 12-month, 2,000-hour warranty.

The NJDOT rented the eight SDLG wheel loaders from Penn Jersey Machinery. The company has been in business since 1983, providing a range of construction equipment for both sale and rent. It operates three main branches in Lionville, Pennsylvania; Deptford, New Jersey; and Somerville, New Jersey.

Nick Tullo, sales manager for SDLG North America, said Winter Storm Jonas proved to be a great test for the loaders.

"The cleanup after Jonas was one of the first projects that the NJDOT used its rental fleet of SDLG wheel loaders for, and it proved to be quite a challenge—a challenge that SDLG passed with ease," he said. "This kind of work shows the tough nature of SDLG wheel loaders and how they can stand up to the most rigorous of applications."

An SDLG LG948L works to clear snow amid a heavy downpour during Winter Storm Jonas.

Job Site Report

Emshay chooses new over auction

The rock and gravel producer weighed the cost-value proposition and chose a brand-new SDLG wheel loader over a similarly priced used machine from a premium brand.

Emshay Enterprises uses its SDLG LG959 to lift a load at a rock pit in Moose Jaw, Saskatchewan, Canada.

Emshay Enterprises is a family-owned construction aggregates business based in Moose Jaw, Saskatchewan, Canada. Like many small businesses, its profitability depends on managing overhead costs.

When the company needed a wheel loader to work its rock pit, it was presented with a choice: a used, auction-bought premium machine, or a brand new SDLG wheel loader. Emshay Enterprises chose the SDLG, and after almost two years on the job, the company is sure it made the right choice for its business.

Shayne Emmons, owner and president of Emshay, said its purchase of a SDLG LG959 was based on his company's specific needs. He did not want to purchase a premium wheel loader laden with features he didn't require. Also, he said, the company's track record with used auction machines left much to be desired.

"I used to go to auction sales and search for wheel loaders from the early 2000s, but once I put them to use, none of the machines lasted very long," he explained. "With the SDLG LG959, I got a brand new machine with a warranty and support from Redhead Equipment, a dealer that I trust. Plus, the loader was priced very well—I was not paying for features that I didn't need."

Emshay is using the LG959 in its rock pit, and is only using the machine some 300 – 500 hours per year. Emmons said the wheel loader's 4.0 yd³ bucket size has increased the company's efficiency, feeding the company's wash plant with up to 193 USt of rock and gravel in an hour, far more than the company was able to move with previous machines. Thanks to this superior performance, Emshay can keep the wash plant continuously running, removing silt from the construction aggregates and increasing the company's yield.

The LG959 is also being used to load the final aggregate product into trucks for shipment. The increased bucket size also allows Emmons to load trucks with gravel in only four to six passes, where before, with a smaller bucket, it took up to eight passes.

"I have buyers that load the aggregates themselves," Emmons explained. "Quite a few have been very impressed with the LG959 and with my recommendation, are now considering purchasing one, too. I would definitely recommend the SDLG loader and I may even buy another for our company."

Emmons also purchased a scale to add on to the LG959, allowing the company to weigh aggregates onboard the loader. With the scale, Emshay can weigh a load onboard the machine, and then dump the rock directly into the trailer, rather than unloading the aggregate onto a scale only to reload it for shipping. "The onboard scale upgrade was useful and also very affordable," Emmons said.

Emmons also likes how easy the LG959 is to use and maintain. Sometimes, Emshay's customers use the SDLG loader to load rocks onto their own trucks, and Emmons has never had to instruct them on how to use the machine—they are able to figure out its user-friendly interface without additional training.

Job Site Report

Improved roadwork

The Texas-based company has a newly improved method of placing continually reinforced concrete paving steel using SDLG wheel loaders, helping it to cut costs, provide a safer work environment and attract new talent.

MCL Contracting purchased its first two SDLG wheel loaders much like any other typical customer. Working in the concrete paving industry, the Richland Hills, Texas-based company only needed a loader for three to four hours each day and didn't require the features of a premium machine.

What began as routine wheel loader purchases, though, soon turned into lucrative capital investments, as the company began using the loaders to work out an improved method of placing rebar for continually reinforced concrete paving. Using its two SDLG wheel loaders in conjunction with other equipment, MCL has dramatically reduced the difficulty of its operations and reduced cost.

"We first purchased the SDLG wheel loaders to unload trucks of rebar at the job site when we're placing reinforcing steel for concrete paving," explained Megan LaPointe, president of MCL. "We were dependent on the general contractor to unload and move heavy rebar on the job site and vulnerable to their schedule, so we wanted to get a little more control over our operations. We only needed the wheel loaders working a few hours each day, so purchasing more expensive loaders didn't make sense."

MCL had the loaders fitted with 12 ft forks to move 40 ft bundles of rebar around the job site, many of the loads weighing up to 6 USt. The company chose the 4.0 yd3 capacity SDLG LG959 model to meet its capacity needs. By using the wheel loaders instead of having a crew manually lift rebar sections, MCL was able to save at least one hour of unloading for each truckload. The move immediately began to save both time and money for MCL—at three trucks per day, the company began shaving off three hours of unloading time a day.

"The SDLG really held its own against what we expect from a premium model with a higher price point," LaPointe explained. "We probably only have a 40% utilization rate, and sometimes the machine might even sit for a week or two. It fits our needs perfectly. We've had no downtime or repair costs to deal with, either."

Paving a new way

Shaving a few hours each day from MCL's material handling duties was only the beginning. Soon the company began to integrate the machine more into its rebar paving projects. In conjunction with a Combilift, a multi-directional forklift, MCL began using the SDLG wheel loader to automate its roadwork processes.

"Reinforced concrete rebar paving has always been a manual labor job—the crew carried the rebar from bundles on the jobsite, and then positioned them in a place to be tied," LaPointe explained. "We have made it more automated with the SDLG wheel loaders."

MCL uses an SDLG wheel loader and

the Combilift, which can swivel in various directions, to dual-lift the rebar and dual-carry it into place. The SDLG is fitted with a forklift attachment, and with the Combilift, MCL uses the four forks from both machines with a spreader bar to ensure the rebar is held and placed evenly. The rebar is then guided by hand toward the ground.

"The individual segments of rebar weigh about 60 lbs each—they're heavy, and by using the wheel loader and multi-directional forklift, the process minimizes potential injuries. This makes the job less physically demanding," LaPointe said. "And we've been able to reduce our crew needs by half. We used to need 10 to 12 guys per job, now we only need six to eight, which has again reduced our costs."

The ease in physical labor has not only made the job site more efficient, it has enabled the company to attract a younger workforce. A well-cited problem in construction and manufacturing, companies often find difficulty in replacing their aging workforces. LaPointe said that hiring has become less difficult because the job "is not as physically abusive."

MCL purchased the two SDLG wheel loaders from Dallas-based Romco Equipment, with which the company has done business several times. LaPointe said buying the equipment from a dealer the company knows and respects gave it the confidence to take a chance on SDLG. In fact, MCL had initially only purchased one SDLG loader, and it performed so well that the company bought a second a few months later.

MCL Contracting, LLC, is an official woman-owned business that has operated in Texas for five years. It is a subcontractor that specializes in rebar installation.

Megan LaPointe, president of MCL Contracting.

Job Site Report

Corrosives capabilities

For some companies, handling materials that slowly degrade equipment is part of the job. Many are turning to SDLG wheel loaders for a value for money option.

An SDLG LG959 works at a fertilizer plant in Florida.

Sylvite is no stranger to corroded equipment. As one of North America's leading fertilizer distribution companies, dealing in industrial grade fertilizers and commodity fertilizers, its equipment often takes a beating when moving huge amounts of these chemicals around the region.

Inevitable degradation of Sylvite's industrial equipment is why one branch of the company is turning to SDLG wheel loaders to mitigate the damage. Lakeland, Fla.-based Sylvite purchased a 4.0 yd^3 capacity SDLG LG959, in lieu of a more expensive machine. With far fewer electronic parts subjected to corrosive material, there is much less damage to the wheel loader—and to Sylvite's bottom line.

Fewer electronics means fewer computer components and less wiring—essentially, less potential for damage from chemicals. Sylvite's savings are amplified by not only saving money on the initial purchase, but spending less money on repairs and maintenance over time.

Pete Marovich, general manager of Sylvite, said the company chose an SDLG wheel loader for its value pricing and because of the damaging nature of its work with corrosive chemicals.

"At first we were looking at premium wheel loaders, but we attended an open house at Flagler Construction Equipment in Tampa, noticed the SDLG machine and its low price, and began to take a hard look at purchasing one," he said. "The environment the machine works in is very corrosive. We work in a fertilizer warehouse where there is a lot of salt, dust and chemicals that damage machines. Since the SDLG loader has less of the onboard IT, wiring and electronics that usually become damaged and present problems for us, we decided to try it."

So far, the LG959 has been a hit with Sylvite and its operators.

"We've been very pleased with the wheel loader so far," Marovich said. "Our operator reports the machine is very maneuverable and handling material very well. It has been a very good bargain for us. Also, we feel very comfortable buying this machine from Flagler. We've done business with them for several years and trust it to support the machine."

Other companies have followed the same line of thinking and purchased SDLG wheel loaders for similar reasons. For example, one North Carolina-based company is using a LG959 to handle corrosive materials that include fertilizer, lime and iron pellets. The company is using the loader 40 hours a week, all year long.

Al Quinn, director of SDLG North America, said SDLG wheel loaders are ideal for indsturies that work with corrosive materials, as they help to keep maintenance costs low.

"SDLG loaders don't have the features of premium machines which, as shown in the case of the corrosive materials industries where those features can be damaged quite easily, is a major plus," he said.

Regional Focus

Success up North

SDLG wheel loaders are proving their worth for several of Canada's rural municipalities.

When it comes to government equipment, machines that strike a balance between value and versatility are key. It's for this reason that SDLG wheel loaders have become a viable option for several municipalities in Canada, especially for road project, material handling and snow removal.

Sarnia, a municipality in the Saskatchewan region, is using a 2.4 y^3 capacity SDLG LG938L for loading gravel for roadwork, snow removal and waste management to great effect.

Kevin Fry, territory manager at Saskatchewan-based Redhead Equipment, from which the machine was purchased, said that Sarnia had originally been in the market for a used machine, but opted for a brand new SDLG wheel loader because of its value pricing and solid warranty.

"Sarnia doesn't have to run awheel loader 24/7, it just needs to complete individual projects in a timely manner, and needs a loader ready to go in a moment's notice," he said. "It may only get 300 hours of work a year, so it makes good sense for the region to purchase an SDLG wheel loader, which costs less than premium machines."

SDLG wheel loaders also proved an ideal choice for Caledonia, another municipality in Saskatchewan. Like Sarnia, the region purchased an LG938L, mostly for loading gravel for road projects. It's working in gravel pits and utilizing the machine's quick-attach forks for loading. Additionally, Caledonia will use the wheel loader for snow removal, come winter.

Redhead Equipment was again the dealer that provided the SDLG wheel loader to Caledonia. Ryan Marwick, territory manager for the region, said the municipality based its decision to buy SDLG on value pricing and the nature of the work.

"The rural municipality of Caledonia was looking at several competing wheel loader options, but it just couldn't justify spending twice as much money for a premium machine," he said. "It's only going to get some 500 hours of work each year, so it doesn't need to run constantly to pay for itself. So far, the reports about the machine are very positive, even comparing its quality to more expensive loaders sold by market leading North American brands—it's a great bang for their buck."

Richard Linton, reeve of the municipality, reported that the wheel loader has turned out to be a great purchase.

"The RM of Caledonia is very impressed with the SDLG wheel loader," he said. "It has performed above and beyond the RM's expectations. We are happy with our decision to go with SDLG."

Lessons from launch

Nick Tullo, sales manager for SDLG North America, explains the biggest hurdles the Chinese brand has faced in rolling out across the region, and shares the unexpected ways in which the company is clearing them.

Rolling out a Chinese equipment brand across North America is a monumental task. Just ask the several companies that have attempted the feat over the last two decades. New brands from Asia are often met with skepticism in this market, and the logistical challenges that come with domestic dealer networks and overseas shipping are hard to overcome.

SDLG began its rollout of Chinese-made wheel loaders just a few years ago, and is enjoying relative success in penetrating the North American market. Several major dealers have picked up the product, and its wheel loaders are faring well on the job site. A look at the company's biggest challenges and how they are being met holds valuable lessons for any new brand that seeks expansion in this region.

Predicting Perception

From the beginning, Nick Tullo, sales manager for SDLG North America, and his colleagues figured that the greatest test in SDLG's rollout would be dealing with negative stereotypes of Chinese equipment. The fear was that customers in the U.S. would identify the wheel loaders as "cheap," or disposable. So immediately, the brand went on the offense and touted its quality to the market. But as it turned out, customers weren't necessarily concerned with the origins of the brand, but more focused on the product's quality and support.

"We thought there might be some kind of bias against Chinese equipment, but we didn't really understand the market yet," Nick said. "In reality, people well-understand that China is our global trading partner and is able to make quality goods. The real bias against Chinese equipment is support. Customers don't want to buy through a third-party trader or broker, and then have to aimlessly search for aftermarket support."

Once customers were informed of SDLG's service and support strategy—such as central parts locations in Atlanta and Seattle, 24-hour shipping and support from a seasoned dealer network, to name a few—their fears toward SDLG dissipated. Since then, the brand has put its support services up front in its pitch to customers and increased sales are proving the strategy true.

The lesson here:

Do not be hindered by what you think the public's perception of your brand could be. Instead, find out what specific issues potential customers may have with the product and/or its support and address them.

"In reality, people well-understand that China is our global trading partner and is able to make quality goods. The real bias against Chinese equipment is support."

Nick Tullo
Sales manager for SDLG North America

Catalyzing sales

Another challenge SDLG faced in the region was earning the first sale. Tullo explained that in many cases, getting that first sale was the product of targeted investment in terms of man-hours, training and advertising. But that's because the brand hadn't yet found its winning strategy to instigate sales in a territory.

"The key to generating first sales has been to find a brand champion at a dealership and focus on getting them the tools they need to sell," he explained. "These are usually young guys who are eager to succeed or older, experienced salesman that know both their market and their customers inside-and-out and they know right where to go to get that first sale. After that, there's a contagious effect, as other customers see that first machine working in their region or have it recommended to them, they become interested in what SDLG may be able to offer them and their businesses."

The lesson here:

Identify and invest in a brand champion that can instigate sales through their knowledge of the local market.

Engaging employees

The heightened focus on a brand champion is also making a dent in one of SDLG's other biggest challenges: salesperson engagement. Since SDLG debuted in the region, the company has had a difficult task in generating excitement and support from salespeople who didn't quite know how or to whom to sell the wheel loaders to. Or perhaps, some salesman didn't want to attach their reputation to a machine they had not yet seen proven in their region.

To create these brand champions, SDLG's leadership in North America has been focusing on awareness and education. The team has created product confidence kits that arm dealerships with information and case studies. The team also holds regular brand meetings with the brand champions to generate enthusiasm. The team also launched a Sales Caddie, a booklet that includes all information pertaining to SDLG, from the profiles of the brand's dealers and customers, to press stories, pricing pages and comparisons.

"Having a brand champion early on also helps motivate and engage other salespeople," Tullo explained. "They say, 'The product is reliable—don't worry about that aspect. The support will be there, so be confident in selling SDLG.'"

The lesson here:

Focus on awareness and education to cultivate a brand champion that inspires confidence in potential customers and salespeople.

Product support for this century

SDLG has modeled its 21st Century Product Support after the best practices of several other world-leading companies.

Customers in the modern marketplace want companies to grant them freedom of choice. They want control over the manner in which they buy products, be it online or at a physical brick-and-mortar location. When SDLG established its 21st Century Product Support in 2014, the company granted customers this choice, allowing them to purchase parts from their local dealer or directly from SDLG via the internet.

Best methods

For SDLG customers, freedom is gained through centralized parts support that utilizes a developed logistics network combined with an open information model, all hallmarks of the most modern companies. Rather than dealers outlaying large capital investments to have excess parts stock sit on their shelves, central parts depots, located in Atlanta and Seattle, will quickly send what's needed directly to the dealer or customer, often within 24 hours. Service repair parts will ship for free.

In the event that customers take repairs into their own hands, SDLG will not only quickly ship the needed parts, it will also provide detailed service tutorials to assist on how to perform the work. Just as open-source programmers release their software coding to the public, SDLG seeks to empower its customers by providing working knowledge of its machinery.

Alan Quinn, director of SDLG North America, said the company is building its business model for the modern era.

"If you look at what's driving business in the 21st century, it's logistics and information," he said. "It takes the power of computing, the internet, shipping and logistical expertise to provide customers with the products and support they want, when they want it. We're giving SDLG customers the freedom to maintain their machines on their own terms."

This business model suits typical SDLG customers. Many are used equipment buyers that are used to the freedom to service their machines how they choose. They might have purchased a used wheel loader in the past, but now they have found value in purchasing a new SDLG machine with a great warranty and a support strategy that meets their needs.

"Essentially, they are buying simplicity – and that's what SDLG's parts shipping and warranty policies offer," Quinn said.

A central idea

At the central parts depots, not only are critical parts stocked, but the same locations act as the central North American machine depots. In the rare event that a part is not in stock at the depots, the parts staff has prior approval to remove a part from an existing machine to ensure a customer's machine gets fixed as quickly as possible. The savings from not stocking the components across the country on dealer shelves allows SDLG to apply these savings to immediate support and emergency shipping.

Mike Mathews, who represents SDLG dealers in the west coast region, said SDLG's model for parts and maintenance service saves his business money by not having to invest in capital stock that will only sit on the shelf.

"It allows customers to control their own repair process by being able to work through a local branch, service the machine themselves or visit the official dealer," he said.

Product Update

Tier 4 gears up for North America

The company is refreshing its entire line up of wheel loaders, and along with new engines that are cleaner than ever before, several additional enhancements have been made to the machines.

SDLG will roll out Tier 4 Final wheel loaders across North America beginning this spring. The new machines are upgraded to meet emissions regulations standards in the U.S. and Canada. All four models that are currently for sale in the region are being replaced with a Tier 4 Final version.

The 2.5 yd³ capacity LG938L and the 3.0 yd³ capacity LG948L will be replaced with the new Tier 4 Final loaders beginning June 2016 (with the L938F and L948F, respectively), while the larger models, the 4.0 yd³ capacity LG958 and LG959, will be replaced later this year by the L958F and L959F in the US. In Canada, the rollout of the L958F and L959F will occur over a longer timetable, with the larger loaders being replaced with the new models by late 2017.

"SDLG fills a market niche in which its customers don't require the most cutting-edge technologies for their applications, but that doesn't mean they don't need well-made machines that are environmentally friendly," said Al Quinn, director of SDLG North America.

Along with the new Tier 4 Final engines, several additional enhancements have been made to the wheel loaders, all based on customer feedback in North America.

"We are consistently striving to improve our wheel loaders while retaining the value proposition that makes them so attractive to customers. And that is why these new Tier 4 wheel loaders will have so many additional upgrades," Quinn explained. "Not only will customers see several enhancements to their user experience, they will be operating machines that have lower emissions."

Tier 4 improvements include:

- *A new, branded SDLG SD60 engine, manufactured by Deutz-Germany, for improved serviceability and technical interface*
- *Passive regeneration of the engine to improve operator performance*
- *Cab enhancements, such as no threshold on loader doors and improvements that reduce noise levels*
- *Improved serviceability to the engine compartment via new compartment door*
- *Chrome coupler pins for better engagement and disengagement of the quick coupler*
- *New joystick control with forward, neutral and reverse directions on the joystick; first gear kickdown on trigger finger*
- *Improved heating and air conditioning controls*
- *Guarding on underside of front and rear frames*
- *New front and rear guard plates that reduce noise and protect loader components*

New SDLG dealer and West Coast distribution center

Consumer demand has driven the need for SDLG to expand its operations on the West Coast of North America.

PacWest Machinery is the latest company to join SDLG's ever-expanding roster of dealers. The Seattle, Washington-based seller of construction equipment will begin offering the brand's wheel loaders immediately. PacWest will also become a new distribution center to facilitate the brand's growth on the West Coast.

Jolene Logue, president of PacWest, said her company decided to offer SDLG products to give customers an attractive value option, especially those that might use the machine seasonally or for applications that don't require many cycle hours.

"Many of our customers are looking for solutions for their low-hour applications," she said. "By adding SDLG to our portfolio, we can provide them with a value alternative wheel loader that doesn't require as big a capital investment as a premium machine. Also, we can provide an option for those that might typically buy a used loader, but give them a new model that is backed by a warranty."

Logue also expects customers to embrace SDLG's versatility, as they have proven themselves already in snow removal, road rehabilitation, landscaping and numerous other applications. She also expects municipal/governmental interest, with SDLG wheel loaders being offered through the HGAC (Houston Galveston Area Cooperative) and NJPA (National Joint Powers Association) cooperative purchasing programs.

PacWest Machinery will sell SDLG wheel loaders from all four of its locations: Portland, Oregon; Eugene, Oregon; Spokane, Washington; and Seattle, Washington, where the company is headquartered. PacWest is a division of Joshua Green Corporation, a privately held company with interests in manufacturing, real estate, distribution and the food industry.

New West Coast distribution center

In addition to selling SDLG wheel loaders, PacWest will also become the company's new West Coast distribution center. This new center will help SDLG keep logistical costs down and inventory more current for customers and dealers in the region. It will be the company's second distribution center, with the first located near Atlanta, Georgia.

"The growth of SDLG on the West Coast has been significant enough that we have opened up a new distribution center to meet the demand," explained Al Quinn, director of SDLG North America. "This will enable us to better serve both our customers and dealers in the region through a logistical system that can deliver wheel loaders—both stock and customized—quicker than before."

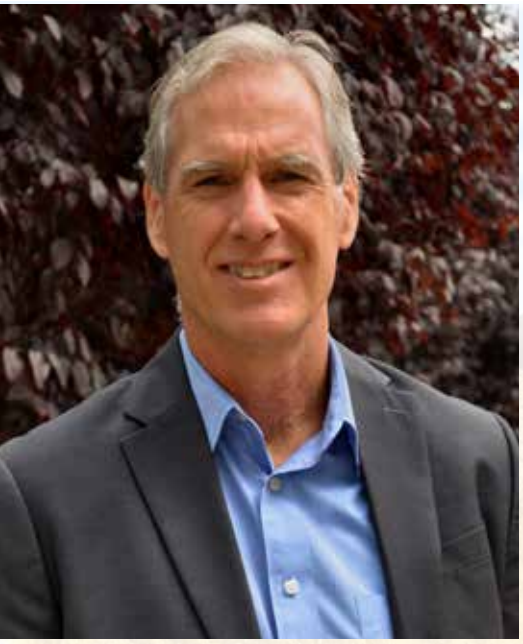
The distribution center at PacWest will stage SDLG wheel loaders coming from China at its Seattle location, inspecting the machines and preparing them for delivery in the U.S. It will also perform modifications to machines for dealers or customers before they are delivered, such as fitting the machines with unique attachments or tires.

"SDLG's partnership with PacWest Machinery keeps with the brand's strategy to partner with expert dealerships that know their customer bases well and can provide superior service," Quinn said. "PacWest has a keen grasp on the typical SDLG customer and will be great at offering them an ideal wheel loader solution. And with the company becoming our new West Coast distribution center, we are looking at a long and productive business relationship together."

Industry Focus

Counting the cost

When purchasing used equipment, consider the total cost of ownership. A new machine may actually save money over the long haul.



Alan Quinn, director of SDLG North America.

It's an age-old question when considering equipment purchases: used or new? Considering the used market for construction equipment in North America is roughly the same size as the market for new machines—about 40,000 units per year sold for each (need to attribute)—it is a dilemma that nearly all equipment owners are facing.

Traditionally, the choice between new and used equipment often involved comparisons of similar equipment. Weighing the pros and cons of buying a new machine versus the same brand's used model, for example. In those cases, the decision might come down to the application the machine is needed for, factors such as residual value, or one might simply be swayed by a good deal.

But the market has changed over the last few years. With the addition of so-called "value brand" equipment to the North American market, there are far more options and details to consider when choosing between new and used machines. These value brands are solid, well-made pieces of equipment, but lack the features of premium brands, which helps keep the price low.

Value brands have gained traction with customers with certain needs, such as for seasonal and low-hour applications, work that involves corrosive materials that degrade equipment, or projects that simply don't require premium features to complete.

A state government that needs wheel loaders for snow removal, for example, would find a value brand loader ideal, as the machine only works for part of the year. In this case, a higher-cost investment into a premium loader would mean a lower return on investment.

Value brands reflect a paradigm shift for the new vs. used equipment debate. For many customers, these brands represent a third option that should be taken into consideration, complete with their own cost, benefit and applications analysis.

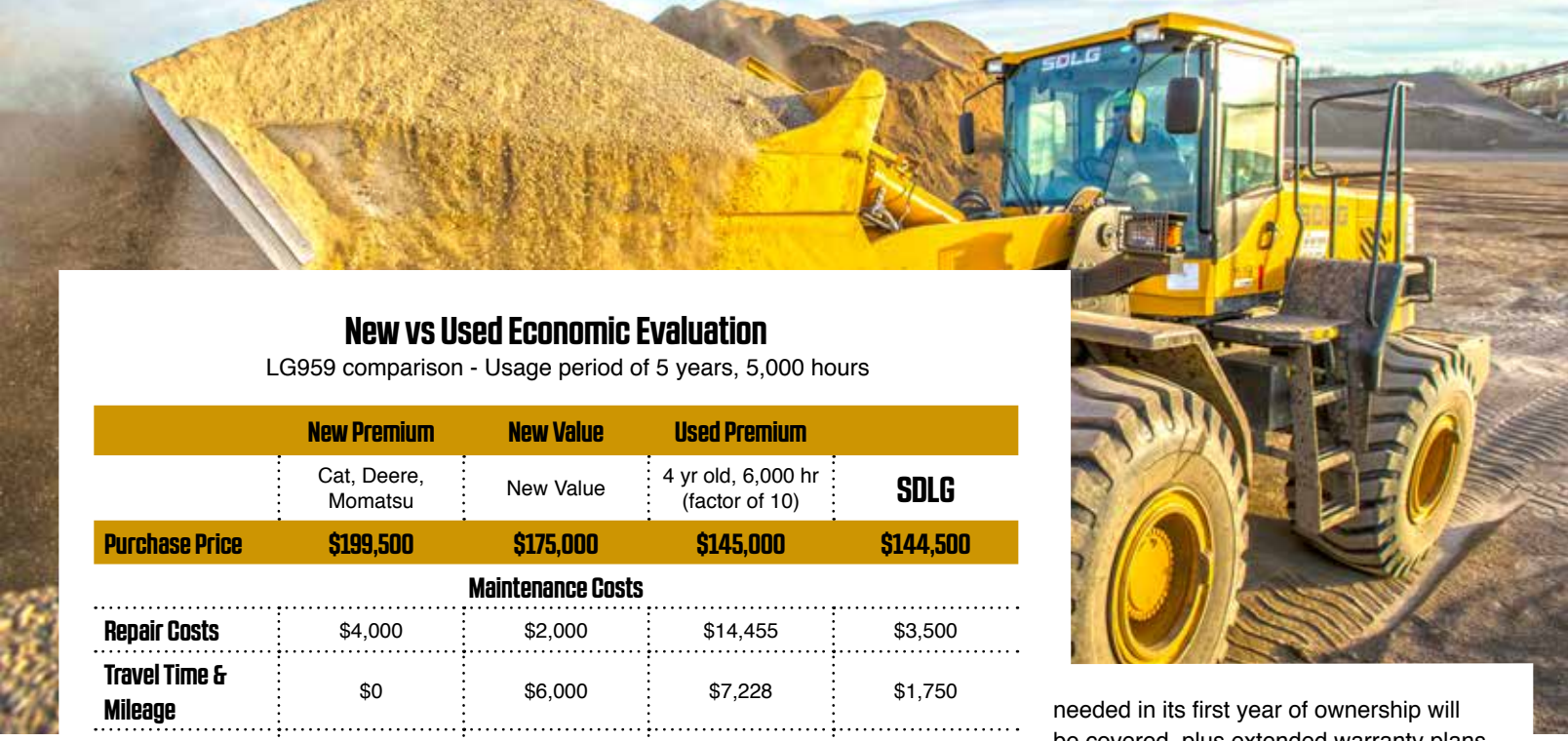
Total cost of ownership

For a majority of equipment buyers, the most important consideration when making purchasing decisions is the Total Cost of Ownership (TCO) for each machine. This is the expected cost of buying and maintaining a machine over the course of its entire lifespan, or at least until that machine is ready to be resold again.

Several factors influence TCO. A machine's sticker price, of course, is the first cost to be analyzed, but it does not reflect the inherent cost of purchasing and maintaining a used machine.

Over the life of most pieces of equipment, maintenance costs can run as high as 75% of the machine's purchase price, plus downtime costs. Repairs typically see a rapid increase in years four, five and six of ownership, shortly after most used machines are purchased. For many customers, purchasing a used machine means they are buying a vehicle that will quickly need repairs and maintenance.

With a new value brand machine, however, repair and maintenance needs are much lower. Let's use SDLG for an example. The price of a new SDLG LG959



New vs Used Economic Evaluation

LG959 comparison - Usage period of 5 years, 5,000 hours

	New Premium	New Value	Used Premium	
	Cat, Deere, Momatsu	New Value	4 yr old, 6,000 hr (factor of 10)	SDLG
Purchase Price	**$199,500**	**$175,000**	**$145,000**	**$144,500**
Maintenance Costs				
Repair Costs	$4,000	$2,000	$14,455	$3,500
Travel Time & Mileage	$0	$6,000	$7,228	$1,750
Total Repair Costs	$4,000	$6,000	$21,683	$5,250
Finance Costs (interest only)	**$36,658**	**$31,084**	**$32,063**	**$31,953**
Finance Rate	4.9%	4.9%	6.1%	6.1%
Residual Depreciation	50%	45%	45%	45%
Depreciation $	$99,750	$96,250	$79,750	$79,475
Residual Value	$99,750	$78,750	$65,250	$65,025
Total Owning and Maintenance Costs	**$140,408**	**$133,334**	**$133,496**	**$116,678**
Cost / hr (1,000 hr/yr)	$28.08	$26.67	$26.70	$23.34
Relative Cost / hr	120%	114%	114%	100%
Risk Factors	**fixed**	**fixed**	**variable**	**fixed**

wheel loader is nearly the same as one would pay for a four-year-old premium loader with approximately 6,000 hours of work on it. But over the next few years of ownership, on average, the used premium will rack up approximately $20,000 to $25,000 in repairs, while the SDLG will only cost around $5,250 (the cost of a full machine extended warranty)—a difference of some $15,000 to 20,000.

None of this is to mention the high price of surprise repairs and the downtime that comes with them. In these cases not only are service costs racking up, companies are losing revenue while the machine doesn't work. Odds are that an older machine with several thousand hours on it will need more significant, costly repairs, leading to more downtime and revenue lost.

By its very nature, a new value machine will need less repairs and less maintenance, and those repairs should be less significant. The result is more uptime and more opportunity to recoup return on investment by earning revenue. Also, an SDLG machine, for example, comes with a 12-month, 2,000-hour warranty, so work needed in its first year of ownership will be covered, plus extended warranty plans are available.

Leveraging dealer relationships

With these purchasing decisions, one must also take into account their relationship with their preferred equipment dealer, and how that factors into repair and maintenance scenarios. With auction or private purchases of used machines there is risk, as one doesn't know the history of the vehicle. And with that vehicle, one must find a dealer to service and provide and parts, typically at a higher cost.

When buying a new value machine, one is purchasing from a dealer they know and may have worked with for years. These ongoing relationships are good for both the dealer and the customer. They will fully back the equipment's warranty needs, and often, provide more timely service at a better price. These benefits are hard to quantify, but surely one can agree there is increased piece of mind when buying a new piece of equipment that is backed by a warranty from a trusted dealer.

Of course, application needs are the ultimate dictator when deciding whether to purchase a new value brand machine or a used premium machine. Those that need premium features should stick with a premium brand to get the job done. In those cases, a used machine can provide a great deal and great return on investment for those customers. But for those that are working in seasonal or low-hour applications, or just don't need the features of a premium machine, a new value brand lower can provide a lower TCO, increased uptime and more return on investment.

Industry Report

Rental market reasoning

Easy maintenance and reduced investment generate more ROI for rental houses.

Motion Machinery celebrates the purchase of its SDLG LG938L.

Tomball, Texas-based Motion Machinery is an equipment rental company in a very competitive market. With a fleet of more than 80 machines, the company has a wide array of equipment, including machines from several premium brands. When acquisition and maintenance costs started cutting into the company's bottom line, they purchased a 2.5 yd³ SDLG LG938L on a recommendation from fellow Texas-based company, Conrad Construction.

The initial price of the wheel loader was significantly lower than premium machines, and the company since found that the loader's easy-access design will reduce the amount time and money spent on upkeep.

"I have a friend from Conrad Construction who had recently purchased an SDLG wheel loader, and he loved it," explained Don Cannon, owner of Motion Machinery. "I previously worked as a dealer, so I know that acquisition and maintenance costs are the key to making money in the rental market. The LG938L's price was right where we needed it to be and the easy maintenance will save us money over the long haul."

Cannon said premium brand wheel loaders are becoming increasingly complex, making it harder for small shop owners to maintain their machines. In the rental market, the quicker a machine is up and running, the quicker it can make money for its owner.

All SDLG wheel loaders feature easy-access engine compartments on all sides of the machine. Most of the machine's vital parts are accessible within seconds, reducing the amount of labor hours needed for maintenance or repairs. The LG938L also has dry disc brakes that are easy to access for changing brake pads. Cleaning and routine tasks are simpler and take less time than when working on premium machines.

Cannon said that his no-frills SDLG wheel loader has been performing so well that Motion Machinery rarely sees the machine in the shop. The LG938L has reached some 80% usability in its 10 months on the fleet.

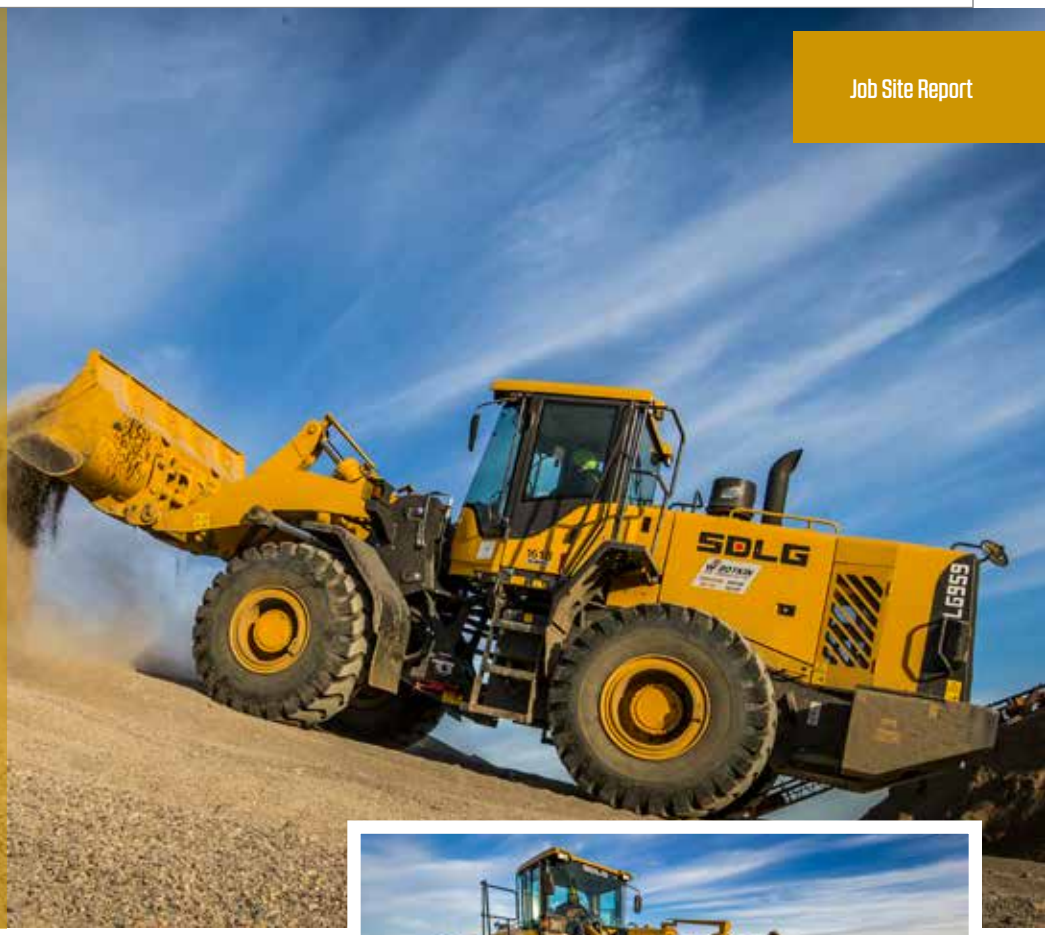
"We rarely get to see the machine at our yard," he explained. "Even better, the renters return the machine feeling very satisfied - we've had no issues or complaints. The SDLG wheel loader performs just as well as any of the other premium brand equipment I've owned. Customers may not miss the high-end features of premium loaders but they certainly appreciate not paying for them."

The LG938L has shown provided other benefits to Motion Machinery's fleet, too. Its no-frills configuration is easier for rental customers to learn and operate. The features of premium brands often mean more time spent figuring out how to use them. Also, the company doesn't have to pass on the price of those features to customers.

Job Site Report

Bridge to success

WF Botkin needed a wheel loader to aid in its bridge building efforts. SDLG provided the ideal solution.



WF Botkin uses its LG959 to move materials at its handling yard in Regina, Saskatchewan, Canada.

The success of any construction company hinges largely on the strength of its capital management. Investments in equipment are expensive, and every machine must play a part in generating returns. A premium wheel loader left sitting in the yard can put the finances of a small operation in jeopardy.

Regina, Saskatchewan, Canada-based WF Botkin Construction decided to invest in an SDLG wheel loader based on this notion. Though the company has several material handling sites in its region, it only needed a machine to work a few days a week on a new bridge project. The intermittent nature of the project would not have warranted the purchase of a premium loader.

"We recently won a project to replace some bridges in Regina and we needed a wheel loader to support our operations," said Clair Botkin, vice president of the company. "We're primarily moving barricades around the job sites and loading materials, so we didn't need a wheel loader working constantly. We didn't need the features of a more expensive loader for our work, either."

Botkin brought his needs to Regina, Saskatchewan-based Redhead Equipment. The two companies share a long history of collaboration, so Botkin trusted the dealer to suggest the optimal machine and to then support the wheel loader through its lifecycle. Redhead suggested the 4.0 yd^3 capacity SDLG LG959.

For its first project, the SDLG loader built a box culvert bridge. The machine moved barricades that detour traffic around the site and handled granular materials for the bridge's construction. It also placed backfill around the structure's culverts. Botkin then transfered the wheel loader to one of its stockpile facilities to move concrete rock, base material, sand and peat rock, among other materials.

"The SDLG wheel loader worked well on the job site," Botkin said. "It came with bucket and forklift attachments, which we definitely need and utilize—these attachments were a big reason why we went with SDLG. I would consider purchasing more of them when the need arises."

Botkin said that the SDLG 12-month, 2,000-hour warranty was another motivation for choosing SDLG. The company had considered a used wheel loader, but was won over by the brand's warranty and the fact that it would be backed by Redhead Equipment. "Our relationship with Redhead gave us a great deal of confidence," Botkin said.

WF Botkin Construction is a family-owned business with 57 years of experience. In addition to its bridge building activities, the company also has a concrete plant, stationary and portable asphalt plants, a dirt crew and it deals in general construction.

Redhead Equipment is a privately owned and operated heavy equipment dealership in Saskatchewan that has served the region for more than 65 years. It has seven locations across the region.