



The Equipment and Truck Stock Guide

Two capital decisions that both come down to the same question: does the fixed cost of owning something pay for itself against the alternative. Worked through for equipment and truck stock.

Owning equipment and carrying truck stock both tie up capital in exchange for convenience or lower marginal cost. Both decisions come down to the same shape of question: does the fixed cost of owning it pay for itself against the alternative, renting or making a supply run, at your actual usage level.

Rent vs. buy, worked through

An \$8,000 piece of equipment, 5-year useful life, 15% salvage value, \$400/year maintenance, \$300/year insurance, no financing cost, depreciates at \$1,360/year. Total annual ownership cost: \$2,060.

At 300 hours of annual usage (37.5 rental-days-equivalent at 8 hours/rental-day), renting the same use at \$150/day would cost \$5,625 a year. The break-even is just 13.7 rental-days a year, well below the 37.5 days this usage represents, so buying wins clearly here. Below that 13.7-day break-even, renting would be the cheaper call instead.

Truck stock carrying cost, worked through

Carrying \$3,500 of stock on each of 3 trucks, at a combined 20% annual carrying rate (8% capital cost, 5% insurance/handling, 7% obsolescence/shrinkage), costs \$700/truck, \$2,100 across the fleet, every year, whether or not that stock gets used.

Against that, avoiding 4 supply runs a month at \$45 each saves \$2,160 a year. Net: \$60 in favor of carrying that stock level, worth it, but only barely. A slightly leaner stock level, or a slightly higher supply-run cost, could flip this the other way.

The shared lesson

Both decisions are close calls at moderate usage and only look obvious at the extremes, heavy usage clearly favors owning or carrying stock, light usage clearly favors renting or making the supply run. The middle ground, where most real decisions actually sit, is exactly where running the numbers beats guessing.

Key takeaway. Both rent-vs-buy and stock-vs-supply-run decisions hinge on your actual usage level against a break-even point, not on which option sounds more efficient in general.

Assumptions

- The worked examples use an \$8,000 piece of equipment at 300 hours/year usage, and \$3,500 of truck stock per truck across a 3-truck fleet, both illustrative.

Frequently asked questions

Why does the equipment break-even come out so much lower than the actual usage in the example?

Because \$150/day rental adds up fast against a relatively modest \$2,060/year fixed ownership cost, once usage clears about 14 rental-days a year, owning pulls ahead and the gap widens quickly past that point.

Is a \$60 net benefit on truck stock really worth tracking?

It is worth knowing, even if the dollar amount is small, because it confirms the current stock level is roughly right rather than clearly wrong in either direction. A verdict this close is also a signal to recheck the inputs (supply-run frequency and cost) periodically, since a small shift could flip the recommendation.

Does financing cost change the rent vs. buy answer much?

It can, financing cost is added directly into annual ownership cost, so a financed purchase raises the ownership side of the comparison and pushes the break-even point higher (more usage needed before buying wins). Enter your actual financing cost if the equipment is not a cash purchase.

What does "obsolescence and shrinkage" mean for truck stock?

Parts that go unused long enough to become outdated, damaged, or lost/stolen off the truck. It is a real cost of carrying inventory, distinct from the capital cost of the money tied up in it, which is why the calculator tracks it as a separate percentage.

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