EQUIPMENT RENTALS GUIDE

BUSINESS STARTUP GUIDE AND WORKBOOK

VETERAN'S STRATEGIC SOLUTIONS LLC

Equipment rentals

EQUIPMENT RENTALS

A start guide for getting your own business off the ground

A START GUIDE FOR GETTING YOUR OWN BUSINESS OFF THE GR

Veteran’s Strategic Solutions LLC — Business Model Series

Before you read this

BEFORE YOU READ THIS

This guide works anywhere in the United States. Dollar figures are estimates from public sources, not quotes. Wherever there is a blank line, write in your own answer.

What this business actually is

WHAT THIS BUSINESS ACTUALLY IS

You buy a thing once and get paid for it over and over.

A homeowner needs a tile saw for one Saturday. A contractor needs a mini excavator for three days. Neither wants to own it. You own it, and you rent it out sixty, a hundred, two hundred times.

The whole business is one question: how many days a year is that machine earning? Everything else — pricing, insurance, maintenance, marketing — exists to move that number.

What this is not: passive income. An idle machine still owes you money, and everything that goes out comes back needing something.

Read this first — there are two businesses in this category

READ THIS FIRST THERE ARE TWO BUSINESSES IN THIS CATE

They share a name and almost nothing else.

The garage business. Power tools, pressure washers, small landscaping equipment, floor care, party and event gear. $5,000 to $15,000 to start: a starter inventory, a trailer, basic insurance, business registration. You operate out of your garage. Customers are homeowners and weekend DIYers.

The yard business. Mini excavators, skid steers, lifts, compaction. $150,000 and up, plus commercially zoned land, a truck and trailer rated for the load, and real maintenance capability. Customers are contractors.

Almost everybody reading this should start with the first one. The economics are the same, the risk is a tenth, and you learn utilization and customer behaviour on a $400 pressure washer instead of a $30,000 machine.

Honest gut check

HONEST GUT CHECK

- Can you fix things? Everything you own will break, usually on a Friday afternoon.
- Are you willing to chase people? Some renters return things late, dirty, broken, or not at all.
- Can you leave money tied up in metal for a year before it pays back?

What the odds actually are

WHAT THE ODDS ACTUALLY ARE

About three out of four new businesses make it through their first year. About half are still running at five years. About one in three make it to ten.

Two honest caveats. Those numbers barely move by trade — federal data shows only a few points between the best and worst industries. And they count businesses with employees on a payroll, so a man working alone is largely not in them.

What is specific to rentals: your money converts into equipment on day one and comes back slowly. That is not bad — it is the model. But it means the mistake you make in month one is a mistake you own for three years.

What separates the ones who last:

Utilization. Not fleet size. A man with six items rented 60 percent of the time beats a man with twenty rented 20 percent.

Charging enough. There is a formula. Use it.

Money that repeats. Homeowners rent once. Contractors rent monthly.

Not buying the wrong thing first. Every rental yard has a machine in the corner nobody has asked for in two years.

Snapshot

SNAPSHOT

Money to start	$5,000 to $15,000 garage · $150,000+ yard
Storefront needed	Garage and a trailer to start
Skill gate	Mechanical aptitude and maintenance discipline
Licence	Usually just a local business licence
Time to first dollar	Three to eight weeks
Gross margin	40 to 60 percent at healthy utilization

Part 1 — Making it a real business

PART 1 MAKING IT A REAL BUSINESS

Step 1. Sole proprietor or LLC

STEP 1 SOLE PROPRIETOR OR LLC

Filing fees run $35 to $500 by state, about $132 on average, plus annual fees from nothing to $800. Check licensing, zoning, and tax rules for your own city and state before starting.

Form the LLC in this business, early. You are handing dangerous machinery to strangers. That separation matters more here than in most trades.

Step 2. Get an EIN — it is free

STEP 2 GET AN EIN IT IS FREE

Apply at irs.gov. Five minutes, no cost. Do not pay a service for it.

Step 3. Open a business bank account

STEP 3 OPEN A BUSINESS BANK ACCOUNT

Separate from personal, from day one.

Step 4. Check local requirements

STEP 4 CHECK LOCAL REQUIREMENTS

Usually just a general business licence. But check two extra things:

- Zoning. Running a rental operation from a residential garage may be restricted, especially if customers come to you or a trailer sits out front.
- Sales tax on rentals. Most states tax rental income and some treat it differently from retail sales. Ask your state revenue department specifically about equipment rental.

Step 5. Insurance — read Part 2 before you buy anything

STEP 5 INSURANCE READ PART 2 BEFORE YOU BUY ANYTHING

This is where new owners lose their whole business.

Step 6. Understand what you owe

STEP 6 UNDERSTAND WHAT YOU OWE

Self-employment tax of 15.3% on net business income plus income tax. Quarterly if you expect to owe $1,000 or more federally — April 15, June 15, September 15 and January 15, moving to the next business day when one falls on a weekend or holiday. Set aside 25 to 30 percent of net.

One thing specific to rentals: equipment is a capital asset, not an expense. How you depreciate it materially changes your tax bill. This is the one business in this series where an hour with an accountant in year one genuinely pays for itself.

Part 2 — Insurance, and the gap that ends businesses

PART 2 INSURANCE AND THE GAP THAT ENDS BUSINESSES

Most new rental owners buy general liability, believe they are covered, and are not.

The four things you actually need

THE FOUR THINGS YOU ACTUALLY NEED

General liability. Covers a third party you injured or whose property you damaged. Roughly $37 to $99 a month for a standard $1M/$2M policy.

It does not cover your own equipment. That is the misconception that catches people. General liability pays the man your machine hurt. It does not replace the machine.

Inland marine. Despite the name, this is the policy that covers your equipment while it is in transit or sitting on a customer’s job site. If you rent equipment out, this is not optional.

Commercial auto. If you deliver with a business vehicle. Personal auto policies exclude commercial use, and you find that out after the accident rather than before.

Workers’ compensation. Once you hire anybody.

Expect $1,100 to $3,000 a year for general liability plus inland marine on a small operation. A full stack with commercial auto, workers’ comp and umbrella runs $3,000 to $7,500.

The gap nobody warns you about: conversion

THE GAP NOBODY WARNS YOU ABOUT CONVERSION

Standard theft coverage usually requires evidence of forced entry.

Now picture the actual failure. A man walks in with a real name, a real driver's licence and a real card. He signs the agreement, rents your $8,000 machine for three days, and never comes back. The card is prepaid. The address is a vacant house.

Nobody broke in. There is no forced entry. Your theft policy may not pay.

That is called conversion — lawful possession, unlawful retention — and it is the most likely way a small rental operation loses a major asset.

Ask your agent this question by name: "Does this policy cover conversion — a renter who takes equipment and does not return it?" If the answer is no, or unclear, that is the coverage to add. It is specifically a rental-house problem and a general agent may never raise it.

Use an insurance agent who writes rental businesses, not a generalist. The wrong policy looks identical to the right one until the day you claim.

The damage waiver — which is not insurance

THE DAMAGE WAIVER WHICH IS NOT INSURANCE

A damage waiver is a fee you charge the customer, typically 8 to 14 percent of the rental rate, that limits their liability for accidental damage. You absorb the repair, or claim it on inland marine.

It is high margin and most independent operators never implement it. On a $300 rental, a 10 percent waiver is $30 that costs you nothing most of the time.

Make it optional but explicit. The customer who declines is accepting liability for repairs in writing, which is a far stronger position for you than no conversation at all.

Be clear about what it excludes — tires, glass, and damage from negligence or misuse are commonly carved out.

Part 3 — Liability when somebody gets hurt

PART 3 LIABILITY WHEN SOMEBODY GETS HURT

Part 2 protects your equipment. This protects everything else you own.

A renter injures himself with your machine and sues. That is the exposure that should shape how you write your agreement, and it is the one new owners think about least.

What a waiver can and cannot do

WHAT A WAIVER CAN AND CANNOT DO

A properly drafted agreement can transfer a great deal of risk. Standard rental agreements include:

- Assumption of risk — the renter acknowledges the equipment is dangerous and accepts that risk
- Release of liability — the renter agrees not to hold you responsible for injury arising from use
- Indemnification and hold harmless — the renter agrees to cover claims, damages and legal fees if a third party is hurt by their use of your equipment

- Disclaimer of warranties — you are not the manufacturer, and you make no warranty that the equipment is fit for the renter’s particular purpose
- Responsibility for safe operation — including that only trained, authorised adults will use it

What a waiver cannot do, anywhere:

- It cannot waive gross negligence. If you rented out a machine you knew was unsafe, no clause saves you.
- It cannot waive intentional misconduct.
- It cannot waive violations of safety regulations.

And enforceability varies significantly by state. Some states limit what can be waived. Some require specific language, specific font sizes, or specific placement for a waiver to hold up.

What this means practically

WHAT THIS MEANS PRACTICALLY

Have an attorney in your state draft or review the agreement. Once. It is the best money you will spend in this business. A template from the internet is a starting point for that conversation, not a substitute for it.

Make the release and indemnification clauses conspicuous. Bold them, or box them. A waiver buried in a wall of small print is exactly the waiver a court sets aside — and it is the one your customer will honestly say they never read.

Include the safety rules in the agreement itself, as things the renter agrees to:

- Inspect the equipment before use and report damage immediately
- Wear the manufacturer’s recommended protective equipment
- Operate only for the intended purpose and within rated capacities
- Do not allow unauthorised, underage or untrained people to operate it
- Do not use it if it is damaged, malfunctioning or making unusual noises
- Do not modify or disable safety features

If a minor will ever use the equipment, you need a parent or guardian consent section.

The three things that protect you better than the paperwork

THE THREE THINGS THAT PROTECT YOU BETTER THAN THE PAPE

Maintain the equipment and document that you did. Gross negligence is the hole in every waiver, and a service log is what proves you were not negligent.

Demonstrate the equipment, every single time. Ninety seconds. “Here are the two things people get wrong on this one.” It prevents most injuries and it establishes that the renter was trained.

Never rent something you know is not right. The saw with the guard that sticks, the machine with the intermittent fault. That is the rental that ends you.

A waiver reduces your exposure. It does not eliminate it. Carry real general liability limits regardless.

Part 4 — The rental agreement

PART 4 THE RENTAL AGREEMENT

Never hand over equipment without a signed agreement. Not to friends, not to a contractor you know, not just this once.

What it must contain, beyond the liability language in Part 3:

- Exactly what is being rented, with serial or ID numbers
- Rate, rental period, and the time it is due back
- Late fee, stated as a daily rate
- Security deposit — 25 to 50 percent of the rental fee is standard, with a card on file
- Who is liable for damage, and whether they took the waiver
- Fuel policy — full-to-full is cleanest
- Cleaning fee if returned dirty. Real operators post this as an hourly rate
- Daily maintenance the renter is responsible for — fuel, oil level, tire pressure on anything towable
- What happens if it is not returned, including that you will report it

Get a photograph of the driver's licence and the card, every time. Not just the numbers. A photograph.

Photograph the equipment at handover and at return. Timestamped, on your phone, every single rental. Forty seconds, and it ends every argument about who broke what.

For anything towable or drivable, require the renter to be 21 or over with a valid licence and proof of insurance. That is standard practice across the industry.

Part 5 — Theft prevention, because insurance is the last resort

PART 5 THEFT PREVENTION BECAUSE INSURANCE IS THE LAST

Equipment theft costs the rental industry somewhere between $100 million and $1 billion a year. Insurance is what you fall back on after it has already happened. These are the things that stop it happening.

Verify the person, properly

VERIFY THE PERSON PROPERLY

- Photograph the driver's licence and compare the face. Obvious and routinely skipped when somebody is in a hurry.
- Run the card for the deposit while they are standing there. A declined prepaid card at the counter is the cheapest fraud detection there is.
- Ask for a second form of ID on anything high-value, and a utility bill or work order tying them to a local address.

- Be suspicious of urgency. “I need it right now, I’ll bring the paperwork tomorrow” is the most common opening line of a loss.
- Call the job site for a first-time contractor rental. A real contractor will not mind.

Track the valuable things

TRACK THE VALUABLE THINGS

GPS trackers cost roughly $25 to $45 a month per asset plus $100 to $300 for the hardware, and most operators see the cost back inside six months.

Put them on anything over about $10,000 in value, and on towables specifically — generators, light towers and trailers are around a third of all rental equipment thefts, because they can be hooked up and driven away without a key.

One technical caution. Battery-powered trackers on unpowered equipment advertise one to three years of life, but that assumes roughly one location update a day. Wired trackers on anything with its own power supply are genuinely real-time; battery trackers are not. Know which you are buying.

Reduce the temptation

REDUCE THE TEMPTATION

- Do not leave equipment visible at your own premises. A garage with the door shut beats a driveway.
- Hitch locks and wheel locks on trailers, even in your own yard.
- Record serial numbers and photograph them. You cannot report what you cannot identify, and recovered equipment goes back to whoever can prove it is theirs.
- Have a written policy for a late return. Day one is a phone call. Day three is a certified letter. Day seven is a police report. Decide the timeline now, because in the moment you will keep telling yourself they will bring it back tomorrow.

Part 6 — What to buy, and what it earns

PART 6 WHAT TO BUY AND WHAT IT EARNS

The starter inventory

THE STARTER INVENTORY

Purchase prices below are typical used prices, and rental rates are typical independent-operator daily rates drawn from published rate cards and industry ranges. Both vary considerably by region — check your own market before committing.

Item	Used purchase	Typical daily rate	Rentals to pay back
Pressure washer, gas	$300 to $700	$45 to $85	6 to 12
Carpet cleaner / extractor	$400 to $1,200	$35 to $60	10 to 20

Item	Used purchase	Typical daily rate	Rentals to pay back
Floor sander, drum or orbital	$600 to $1,800	$50 to $90	12 to 25
Tile saw, wet	$350 to $900	$45 to $75	8 to 15
Concrete mixer, portable	$400 to $1,000	$50 to $80	8 to 15
Generator, 5,000 to 7,000 watt	$500 to $1,200	$75 to $150	6 to 12
Rototiller	$400 to $900	$50 to $80	8 to 15
Post hole auger, one or two man	$300 to $800	$50 to $85	6 to 12
Plate compactor	$700 to $1,800	$60 to $110	12 to 20
Demolition hammer / jackhammer	$500 to $1,500	$55 to $130	10 to 20
Scaffolding, per section	$150 to $350	$25 to $40 weekly	Slower, but rents long
Appliance dolly and hand trucks	$80 to $200	$12 to $20	8 to 15
Ladders, extension	$150 to $400	$20 to $35	10 to 15
Air compressor, towable or portable	$400 to $1,500	$50 to $100	10 to 20
Log splitter	$700 to $1,800	$70 to $120	10 to 18

General ranges from industry sources: power tools rent $25 to $75 a day, generators $75 to $200, mini excavators $250 to $500. Small tools in the $150 to $500 purchase range typically pay for themselves in 15 to 25 rentals.

A sensible first buy is three to five items from the top of that list for around $2,000 to $4,000 used.

Where to buy

WHERE TO BUY

Used equipment runs 40 to 60 percent less than new. In rough order of value:

- Equipment auctions, including the large online industrial auction houses
- Dealer trade-ins
- Contractor liquidations — a company closing sells everything at once
- Rental yards refreshing their fleet — well-maintained machines with known service histories
- Estate and farm sales

Inspect before buying, or pay a mechanic to. A cheap machine that needs $2,000 of work is not cheap.

How to find out what your town actually rents

HOW TO FIND OUT WHAT YOUR TOWN ACTUALLY RENTS

Call the two nearest rental yards and ask what they are out of this weekend. They will tell you, because they are trying to sell you a reservation. What they are always out of is your opportunity.

Then ask what they do not carry. Every yard has gaps — specialty tools, small items not worth their overhead, weekend-only gear.

Check the big-box rental counters too. They cover the obvious items cheaply and conveniently. Do not compete with them head on; go where they are not.

Three items my area is short of: 1. _______ 2. _______ 3. _______

The counterintuitive part: do not buy what you would want. Buy what gets asked for. Every yard has a machine the owner bought because he thought it was clever, sitting under a tarp.

Part 7 — The money math

PART 7 THE MONEY MATH

How to price

HOW TO PRICE

The benchmark: charge 1 to 2 percent of the equipment's replacement value per day.

A $30,000 mini excavator rents at $300 to $600 a day. That formula breaks down at the small end — a $600 pressure washer would price at $6 to $12, and the market pays $45 to $85 — so on small tools the market rate wins, and the formula is only your floor.

The 3x rule

THE 3X RULE

Weekly rate = 3 × daily. Monthly = 3 × weekly.

A $400 a day machine is roughly $1,200 a week and $3,600 a month. The customer gets a discount for the longer commitment; you get guaranteed utilization and no turnaround work.

Two adjustments worth knowing: tighten the weekly multiplier toward 3.5× on high-demand seasonal items, and loosen the monthly toward 2.5× weekly on slow specialty items to push their utilization up.

Offer a four-hour rate as well as daily. Most chains do, it captures the small job, and it often converts to a full day anyway.

Utilization is the whole business

UTILIZATION IS THE WHOLE BUSINESS

Track it per item, never fleet-wide. A fleet average hides the machine that has not moved since March.

Utilization = days rented ÷ days available.

What you see	What to do
Below 25%	That purchase was a mistake. Sell it
Below 50%	Price may be too high, or you are not marketing it
60% or better	Healthy
90% or better	Raise the rate, or buy a second one

Rule of thumb: break even on any piece of equipment within three years, maximum. If the arithmetic does not get there, do not buy it.

Worked example — why several small items beat one big one

WORKED EXAMPLE WHY SEVERAL SMALL ITEMS BEAT ONE BIG O

The utilization figures below are illustrative, chosen to show the method. They are not observed data. Run the arithmetic on your own numbers.

Option A: one mini excavator, $25,000 used. At $300 a day and 15 rental days a month, that is $4,500 a month gross. Impressive — but you have committed $25,000, you need a truck and trailer rated to move it, insurance is higher, and two slow months make it a very expensive lawn ornament.

Option B: forty small items, $12,000 total. Average $45 a day. If each item rents just four days a month, that is 160 rental days — $7,200 a month gross from half the capital.

The part that matters more than the revenue: if three of those items turn out to be duds, you have lost $900 of buying decisions rather than $25,000. You learn what your town rents with cheap tuition.

The excavator may well be the right purchase in year two. It is the wrong first purchase.

Where the extra money is

WHERE THE EXTRA MONEY IS

- Delivery and pickup fees — see Part 8
- Damage waivers — 8 to 14 percent, high margin

- Fuel recovery — charge only if returned below the level rented
- Cleaning fees — posted as an hourly rate and applied consistently
- Consumables — blades, bits, sandpaper, chemicals. Good margin and the customer needs them anyway
- After-hours return or pickup
- Late fees, applied every time

These add up to a meaningful share of revenue at established yards, and new operators almost never charge for any of them.

Part 8 — Delivery, priced properly

PART 8 DELIVERY PRICED PROPERLY

Delivery is the main thing you can offer that the big-box counter usually cannot. It is also where new operators quietly lose money by treating it as a favour.

How to price it

HOW TO PRICE IT

Charge for the round trip, including your time. Some established operators post delivery at an hourly rate — one publishes $140 an hour — and that is closer to right than the flat $25 most beginners charge.

Three workable structures:

- Flat fee by zone. Under 10 miles $45, 10 to 25 miles $85, beyond that quote it. Simple and easy to publish.
- Hourly, round trip. Your time plus the vehicle, minimum one hour. Honest, and it prices the far job correctly.
- Free above a threshold. Delivery included on rentals over $400 or over a week. Turns delivery into an upsell rather than a cost.

The arithmetic before you offer it

THE ARITHMETIC BEFORE YOU OFFER IT

A 30-minute round trip on a $60 rental costs you an hour of your day plus fuel. If you are not charging for it, that rental is now worth about $30 an hour of your labour — and you still have to go and collect it.

Work out your true cost per delivery: round-trip drive time, loading and unloading, fuel at the current IRS mileage rate as a proxy, and the fact that you cannot serve the counter while you are out.

Then decide deliberately whether to offer it at all. Delivery is a genuine competitive advantage for contractor work, where the customer values it and will pay. It is often a money-loser on a single homeowner rental across town.

Charge for pickup as well as drop-off, or state that delivery is one-way. Otherwise you have priced half the job.

Part 9 — Maintenance, which is the actual job

PART 9 MAINTENANCE WHICH IS THE ACTUAL JOB

Everything comes back needing something. Fuel, cleaning, a blade, a filter, or a repair. Build that in or it eats your margin invisibly.

- Inspect at every return, before the customer leaves. Once they have driven off, damage becomes your word against theirs.
- Keep a service log per item. Hours, dates, what was done. It extends life, it supports an insurance claim, and it is your defence against a negligence allegation.
- Budget maintenance as a real line, not a surprise. Small engines, hydraulics and pumps all have predictable service intervals.
- Have a backup for your top three earners. When the one carpet cleaner everybody wants is down, you are not just losing that rental — you are sending a customer to a competitor who then keeps them.
- Clean equipment rents better and comes back cleaner. People treat a well-kept machine well.

Part 10 — Finding customers

PART 10 FINDING CUSTOMERS

The homeowner and the contractor are two different businesses.

Homeowners find you by searching. They rent once, they are price-sensitive, and they need to be shown how to use it. Volume is weekends and spring.

Contractors are the real money. They rent repeatedly, they need no instruction, and they will pay for delivery. They also expect Net-30 invoicing, because that is how they pay every other vendor. Offering it removes a major friction point — but only extend it to accounts you have checked.

Where to find contractors

WHERE TO FIND CONTRACTORS

- Small builders, remodellers, landscapers, roofers, fence crews — anyone who occasionally needs a tool they do not own
- Property management companies — recurring turnover work
- Municipalities and school districts — occasional needs, reliable payment
- Event and wedding venues, if you carry party and event gear
- The counter at your local lumber yard — the staff there field “where can I rent one of those” every week

How to get found

HOW TO GET FOUND

Your business listing is most of your marketing. People searching to rent a specific tool are ready to pay today. Real hours, a real phone number, photographs of the actual equipment, and prices if you can.

Answer the phone. In this business the customer needs it today. The operator who picks up gets the rental.

Part 11 — Your first rentals

PART 11 YOUR FIRST RENTALS

- Buy three to five proven items, used, for $2,000 to $4,000.
- Have an attorney review your agreement.
- Get the insurance right, including the conversion question.
- Get listed with photographs and prices.
- Visit five small contractors with a card and a rate sheet.

What to actually say

WHAT TO ACTUALLY SAY

Walking into a contractor's shop: "I rent tools out of a yard here in town. Not trying to sell you anything today — just wanted you to know I exist for when you need something for a couple of days and don't want to buy it. Here's the rate sheet, and I deliver."

When a customer asks for a discount: "The weekly rate's three times the daily, so if you're going to have it more than three days that's already your discount." True, and it usually upgrades the rental.

When somebody wants it without a deposit: "I take a card and a deposit on everything — same for everybody. It comes straight back when the machine does." Never make an exception. The one you make is the one that does not come back.

Handing equipment over, every time: "Let me show you the two things people get wrong on this one." Ninety seconds. It prevents most damage, most injuries, and it is your defence if something goes wrong.

When something comes back broken: "Let's look at the photos from when you took it." Calm, factual, and the reason you take the photographs.

When a rental is a day late: call that day. Friendly, brief. "Just checking whether you need it another day — I can extend it, I've just got someone asking." It is a courtesy call and it is also the first step of your recovery timeline.

Part 12 — Pricing strategy

PART 12 PRICING STRATEGY

Tier	Approach
Low	Undercut the big-box counter by 10 to 15 percent. Volume play, thin margin
Mid	Match local yard rates and win on service — answering the phone, delivery, availability
Premium	Delivery included, after-hours return, priority reservation for account holders

Recommendation: mid. You do not beat the national chains on price — they buy machines by the hundred. You beat them by being reachable, flexible and local.

Always quote daily, weekly and monthly together. It anchors the value and frequently converts a two-day rental into a week.

Part 13 — Money help for veterans

PART 13 MONEY HELP FOR VETERANS

VR&E, Chapter 31 — what is actually true.

The self-employment track is widely advertised as VA funding to start a business. The regulation requires that your service-connected disabilities be severe enough that self-employment is the only reasonably feasible career path for you. It is not a track you simply choose. In 2021, 162 veterans were in it out of more than 80,000 using VR&E overall.

The long-term services track is different and far more commonly used. It covers vocational school, technical certificates and trade programs with no tuition cap, and can cover tools, equipment and certification exam fees.

The catch: VR&E is an employment program, not an education program. If a counselor determines you can reasonably obtain suitable work with the training you already have, it gets denied. Anything funded must sit inside an approved individualised employment plan developed with your counselor.

Apply with VA Form 28-1900 and put the question to your counselor. Do not plan around a yes.

Free and reliable to everyone, no rating required: Small Business Development Centers, SCORE mentoring, Veterans Business Outreach Centers.

One warning specific to this business. Equipment rental is the line most likely to attract equipment financing, because there is collateral to point at. A lender will happily write a note against a machine.

Do not finance a fleet before you know your utilization. A machine you own outright and rent ten days a month is a slow win. A financed machine rented ten days a month may be a monthly loss. Buy your first items with cash you can afford to lose, prove the utilization, then borrow against a number you actually know.

Part 14 — The three places people get stuck, and how to get past them

PART 14 THE THREE PLACES PEOPLE GET STUCK AND HOW TO

1. Buying one big machine instead of several small ones

1 BUYING ONE BIG MACHINE INSTEAD OF SEVERAL SMALL ONES

The excavator is the exciting purchase, the revenue per day is impressive, and it feels like a real business. But it is most of your capital in one bet, it needs a truck and trailer to move, and if your town does not have the demand you assumed, you own a $25,000 lesson.

The fix: three to five small items first. Learn what your town rents on $900 mistakes instead of $25,000 ones. The big machine is a fine year-two purchase.

2. Buying the wrong insurance and finding out at the worst possible moment

2 BUYING THE WRONG INSURANCE AND FINDING OUT AT THE WO

General liability feels like the obvious policy and it is what a general agent will sell you. It does not cover your equipment. And the standard theft clause may not cover a renter who simply never comes back, because nothing was broken into.

The fix: use an agent who writes rental businesses. Ask for inland marine by name, and ask about conversion by name. Fifteen minutes on the phone.

3. Not tracking utilization per item

3 NOT TRACKING UTILIZATION PER ITEM

Total revenue looks fine, so nothing seems wrong. Meanwhile two items are carrying the whole operation and four have not moved in months — money sitting in a corner doing nothing.

The fix: a simple record for every item — days rented, days available, revenue. Review it monthly. Sell the bottom item every quarter and buy another of whatever is booked out. Do that four times and you have a fleet that actually earns.

None of these are reasons not to start. They are the three potholes in the road, and every one of them is avoidable if you know it is coming.

Part 15 — Your first 90 days

PART 15 YOUR FIRST 90 DAYS

Days	What you do
1 to 14	Call two rental yards and ask what they are short of. Check zoning and rental sales tax.
15 to 30	Insurance quotes from a rental-specialist agent. Ask about inland marine and conversion by name.
31 to 45	Buy three to five used items. Attorney reviews the agreement. Form the LLC.
46 to 60	Get listed with photographs and prices. Set your delivery pricing. Answer the phone.
61 to 75	Visit five contractors with a rate sheet. Set up Net-30 for one checked account.
76 to 90	Review utilization per item. Buy a second of whatever is booked out.

The one number to track

THE ONE NUMBER TO TRACK

Utilization per item, monthly.

Days rented divided by days available, for each individual item. Not the fleet average — the fleet average is what hides your problem.

Above 60 percent is healthy. Above 90 percent, raise the rate or buy a second one. Below 25 percent, that item is a mistake you are still paying for.

Review it the first of every month. The action is mechanical: sell the worst performer, buy another of the best. Do that consistently and the fleet corrects itself.

Item A: ___% Item B: ___% Item C: ___% Worst performer: _______

After year one, add: revenue per dollar of equipment owned. That is the number that tells you whether growing the fleet is actually growing the business.

Where this goes if it works

WHERE THIS GOES IF IT WORKS

A garage full of small tools. Forty items, high utilization, no premises, no employees. Unglamorous and genuinely profitable.

One specialty you own. Every yard has gaps. Being the only person in the county who rents one specific category means no price competition at all.

Contractor-focused with delivery. Fewer, larger customers, Net-30 accounts, recurring monthly rentals. Steadier and far less retail hassle.

A real yard. Commercially zoned land, heavier machines, staff. This is where the money is, and it is a different business with a different risk profile. Get there on retained earnings, not on a note.

The one-page version, if you read nothing else

THE ONE-PAGE VERSION IF YOU READ NOTHING ELSE

- Start with small tools in a garage, not a machine in a yard. $5,000 to $15,000, not $150,000.
- Call two rental yards and ask what they are out of this weekend. That is your buying list.
- General liability does not cover your equipment. Ask for inland marine by name.
- Ask about conversion by name — a renter who takes it and never comes back may not be covered as theft.
- Have an attorney in your state review the agreement once. Make the release and indemnification conspicuous.
- Photograph the licence, the card, and the equipment — out and back — every single rental.
- Charge 1 to 2 percent of replacement value per day, weekly at 3× daily, and let the market set the floor on small tools.
- Sell the damage waiver at 8 to 14 percent. Most operators never do.
- Price delivery properly or do not offer it.
- Track utilization per item every month. Sell the worst, buy another of the best.

A last word

A LAST WORD

If you know how to maintain equipment, account for it, sign it out, and take it back in the condition it left, those skills transfer directly to this business. Most people starting a rental operation have never had to account for anything in their lives.

Buy small, track everything, answer the phone, and photograph the machine every time it goes out and comes back.

This guide is a starting framework, not legal, tax, insurance or financial advice. Licensing, zoning, tax and liability law vary by state, county and city and change over time. Liability waiver enforceability in particular varies significantly by state — have an attorney in your jurisdiction review your agreement before you use it. Insurance coverage descriptions are general; read your own policy and confirm terms with a licensed agent. Tax figures reflect federal rules current as of August 2026. Equipment prices, rental rates, utilization figures and the worked example are estimates and illustrations gathered from public sources, not quotes or observed operator data.

Startup Checklist

STARTUP CHECKLIST

Use this checklist to turn the guide into a sequence of actions for your own market and circumstances.

Done	Startup action	Owner	Target date
☐	Choose the business structure you will use.		
☐	Get an EIN and open a separate business bank account.		
☐	Check licensing, zoning, and tax rules for your own city and state before starting.		
☐	Confirm insurance needs before accepting work or inventory.		
☐	Complete the local market test described in the core guide.		
☐	Build the startup budget and record actual costs.		
☐	Set pricing using your own costs and required margin.		
☐	Prepare customer terms, estimate and invoice forms.		
☐	Launch outreach and record every lead and result.		

Equipment and Budget Worksheet

EQUIPMENT AND BUDGET WORKSHEET

List only the tools, equipment, supplies, software and services required for the version of the business you plan to launch.

Item	Required or optional	Estimated cost	Actual cost	Supplier or source

Budget summary	Amount
Startup total	
Monthly fixed costs	
Working cash reserve	
Total funding needed	

Pricing and Estimate Template

PRICING AND ESTIMATE TEMPLATE

Complete the cost fields with your own numbers. Use the pricing guidance in the core guide for the business-specific method.

Estimate field	Details or calculation	Amount
Customer and project		
Materials or inventory		
Labor hours and rate		
Equipment or venue		
Travel or delivery		
Subcontractors		
Overhead allocation		
Contingency or risk allowance		
Subtotal		
Applicable tax		
Estimated total		
Deposit and payment schedule		
Estimate expiration date		

Invoice Template

INVOICE TEMPLATE

Business information	Customer information
Business name: Address: Phone: Email: Tax ID:	Customer name: Company: Billing address: Phone: Email:

Invoice number	Invoice date	Due date	Project or job

Description	Quantity	Rate	Amount
Subtotal			
Tax			
Payments or deposits			
Balance due			

Payment method and terms: ____

Job Log and Lead Tracker

JOB LOG AND LEAD TRACKER

Record every inquiry, estimate, job and follow-up so the business can be managed from actual results.

Date	Lead or customer	Source	Need or job	Estimate	Status	Next action

Period	Leads	Estimates sent	Jobs won	Revenue	Follow-ups due

Compliance and Safety Page

COMPLIANCE AND SAFETY PAGE

Check licensing, zoning, and tax rules for your own city and state before starting.

Review	Requirement or safety point from the core guide
☐	The whole business is one question: how many days a year is that machine earning? Everything else — pricing, insurance, maintenance, marketing — exists to move that number.
☐	The garage business. Power tools, pressure washers, small landscaping equipment, floor care, party and event gear. $5,000 to $15,000 to start: a starter inventory, a trailer, basic insurance, business registration. You operate out of your garage. Customers are homeowners and weekend DIYers.
☐	Filing fees run $35 to $500 by state, about $132 on average, plus annual fees from nothing to $800. Check licensing, zoning, and tax rules for your own city and state before starting.
☐	Usually just a general business licence. But check two extra things:
☐	Zoning. Running a rental operation from a residential garage may be restricted, especially if customers come to you or a trailer sits out front.
☐	Sales tax on rentals. Most states tax rental income and some treat it differently from retail sales. Ask your state revenue department specifically about equipment rental.
☐	Self-employment tax of 15.3% on net business income plus income tax. Quarterly if you expect to owe $1,000 or more federally — April 15, June 15, September 15 and January 15, moving to the next business day when one falls on a weekend or holiday. Set aside 25 to 30 percent of net.
☐	One thing specific to rentals: equipment is a capital asset, not an expense. How you depreciate it materially changes your tax bill. This is the one business in this series where an hour with an accountant in year one genuinely pays for itself.
☐	Now picture the actual failure. A man walks in with a real name, a real driver’s licence and a real card. He signs the agreement, rents your $8,000 machine for three days, and never comes back. The card is prepaid. The address is a vacant house.
☐	Use an insurance agent who writes rental businesses, not a generalist. The wrong policy looks identical to the right one until the day you claim.
☐	Agency or authority contacted: ____
☐	Written confirmation or permit saved at: ___________________________________
☐	Review date: _________________ Renewal or recheck date: _________________

Launch Readiness

Equipment Rentals Guide

PLAN — SET UP — PRICE — SELL — TRACK

Use the worksheets in this guide to record your own numbers, decisions and results.