THE RATE ARGUMENT



YOUR PROSPECT THINKS YOUR RATE IS TOO HIGH. HERE'S WHAT TO SAY NEXT.

By Dylan Myerson

You've done everything right. You identified a qualified prospect through one of the origination channels we outlined in the second post. The business matches the funding patterns we identified in the first post - they're an established operation making a replacement purchase in a non-cyclical sector. The equipment is specified, the need is urgent, the decision-maker is engaged.

Then you deliver the rate.

The conversation stops. The prospect says "that seems high" or "my bank said they might be able to do better" or simply goes silent. All your strategic positioning, all your careful targeting, all your relationship development - none of it matters if you can't convert the opportunity when rate becomes the objection.

This is the constraint multiple survey respondents identified: prospects still expect single-digit rates in an environment where double-digit rates are standard. Unfortunately, this is particularly challenging because this isn't actually a rate problem. It's a framing problem.
The traditional broker approach positions financing as a monthly obligation: "Here's your payment, here's the rate, can you afford it?" This framework makes every point of rate increase feel like lost money. The prospect is anchored to whatever rate expectation they carried into the conversation - typically based on outdated information or irrelevant comparisons - and every basis point above that anchor feels like negotiating failure. As the closer, your goal is to flip the conversation entirely.

What follows are three reframes that fundamentally change how prospects think about equipment financing. These aren't persuasion techniques or objection-handling scripts designed to overcome resistance. They're frameworks for helping prospects understand why equipment financing at current market rates is often smarter than the alternatives they're considering, even when those alternatives appear cheaper on the surface.

Reframe 1: From Monthly Payment to Cost of Inaction

The problem with opening an equipment finance conversation by presenting monthly payment and rate is that you're asking the prospect to evaluate a cost without first quantifying the problem that cost solves. This creates the wrong comparison. The prospect is comparing your 11% equipment financing rate against their bank's 8% line of credit, or against paying cash, or against some memory of "what rates used to be."

What they should be comparing your equipment financing against is the cost of continuing to operate without the equipment.

Rather than opening with rate, open with problem quantification:

"Walk me through what it's costing you to operate without this equipment. Most businesses I work with discover the real expense isn't the financing cost - it's the revenue they're not capturing or the labor inefficiency they're tolerating. Let's calculate what the status quo is actually costing you per month, then we'll see if the equipment payment makes sense against that number."

You're not selling financing. You're selling a solution to a quantifiable problem that happens to require financing.

This brings us to an important methodological point. The cost of inaction isn't abstract or theoretical. It's calculable. The manufacturing operation running a dying CNC machine can quantify exactly how much production capacity they're losing to downtime. The medical practice using outdated imaging equipment can measure how many additional patients they could see per day with faster processing. The waste management company operating equipment that doesn't meet current emissions standards can calculate the regulatory fines they're risking or the contracts they can't bid on.

To this end, your main job is to make that calculation explicit before introducing the equipment payment.

Consider how this changes the prospect's decision framework. If the monthly loss from inefficiency is $8,000 and the equipment payment is $2,500, the rate becomes irrelevant. You're not asking them to spend $2,500 per month. You're showing them how to stop losing $8,000 per month, which happens to cost $2,500 to fix. Now, that 11% interest rate isn't the cost; it's the friction coefficient on the solution.

This reframe works particularly well with the capacity-constrained businesses you'll identify through the Service Provider Wedge we outlined in the second post. The service technician has already documented the equipment failures. The business owner already knows they're losing productivity. Your role is to quantify that loss in monthly terms, then position the equipment payment as obviously cheaper than continuing the status quo.

Nevertheless, this only works if you do the quantification work before presenting the financing terms. **If you lead with rate and payment, then try to justify it afterward by talking about productivity gains, you've already lost the framing advantage.** The prospect has anchored to the rate number, and everything you say after sounds like post-hoc rationalization.

Reframe 2: From Rate to Capital Allocation Strategy

When a prospect objects to rate, they're revealing that they're thinking about this transaction in isolation rather than as part of their overall capital structure. You need to elevate this conversation.

This doesn't mean using complex financial jargon or trying to sound sophisticated. It means helping the prospect think like a CFO about their total liquidity position and strategic options.
Here's what this sounds like in practice:

Prospect: "That rate seems high."

Your response: "I appreciate that instinct - nobody wants to overpay. Let me ask you this: what's your current strategy for preserving your credit lines and cash reserves? Most business owners I work with are trying to optimize three things: maintain liquidity for opportunities, preserve existing credit lines for emergencies, and finance growth assets in a way that matches the payback period to the asset life. The question isn't whether 11% is 'high' in absolute terms - it's whether using equipment financing at 11% is smarter than using your credit line at 8% and eliminating your flexibility. Which do you think gives you better strategic position?"

You're teaching them to think about capital allocation, not just cost minimization.

This brings us to a distinction that matters enormously but rarely gets articulated. There's a profound difference between cheapest available capital and strategically optimal capital. Your business line of credit might be cheaper than equipment financing, but using it for long-term asset purchases is strategically suboptimal because it eliminates the liquidity buffer you need for operational flexibility, working capital fluctuations, and unexpected opportunities.

Consider what happens when a business uses its line of credit to purchase equipment. The equipment has a useful life of seven years. The line of credit gets drawn down and stays drawn down because the equipment isn't generating cash to repay it - it's generating productive capacity. Now the business hits a seasonal working capital need or a surprise opportunity to acquire inventory at a discount or a temporary cash flow gap from a delayed receivable. Their line of credit is maxed out because they used it to buy equipment. They have no liquidity buffer. They either pass on the opportunity or scramble for expensive short-term capital.

Equipment financing might cost 11% instead of 8%, but it preserves the line of credit for its intended purpose: bridging timing gaps and enabling opportunistic moves. That preservation of strategic flexibility has enormous value, even if it doesn't show up on a simple rate comparison spreadsheet.

This reframe works especially well when dealing with businesses you've sourced through Fractional CFO relationships, as outlined in the second post. These businesses are already thinking in terms of capital structure optimization. Your role is to make explicit what their CFO is already thinking implicitly: rate is one variable in a capital allocation decision, not the only variable.

However, you must be careful here. This reframe only works with prospects who have sufficient financial sophistication to understand the argument. If you try this with a business owner who doesn't think strategically about capital structure, you'll sound like you're obscuring the rate issue with complicated financial theory. The qualification question is simple: "What's your current strategy for preserving credit lines and cash reserves?" If they can articulate a strategy, they're ready for this conversation. If they look confused, use a different reframe.

Reframe 3: From Equipment Finance Rate Objections to Speed and Certainty

In markets where credit is tight, approval certainty becomes its own form of value. This reframe works particularly well when prospects mention they're exploring bank financing or other alternatives that might offer better rates.

Here's the structure:

Prospect: "My bank said they might be able to do this at a better rate."

Your response: "That's worth exploring - and I'm serious about that. Here's what I'd encourage you to consider: in my experience, 'might' is the key word in that sentence. How long have they been evaluating it? What I offer isn't necessarily the cheapest rate - it's certainty and speed. If your bank comes through in the next two weeks at a better number, fantastic. But if we're having this conversation again in 45 days because they're still 'evaluating,' you've just lost six weeks of productivity. What's your timeline actually worth?"

You're reframing cost from rate to opportunity cost of delay.

This brings us to an important point about competitive dynamics in equipment financing. Banks can often offer better rates than specialty equipment lenders. They have access to cheaper capital, they're optimizing for different metrics, they operate under different regulatory frameworks. However, what banks frequently cannot offer is speed and certainty of execution.

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A bank evaluating equipment financing for a small business is typically running that transaction through their commercial lending department. The loan officer needs internal approvals. The credit committee meets periodically. The documentation requirements are extensive. The timeline is measured in weeks, sometimes months. And at the end of that process, the answer might still be no.

Fortunately, equipment financing through brokers and specialty lenders operates on entirely different timelines. Approval decisions happen in days. Documentation is standardized. Funding occurs within a week of approval. The prospect might pay a higher rate, but they get certainty and speed that banks structurally cannot match.
There is an obvious objection that needs to be addressed. Couldn't you simply let prospects explore bank financing, then come back to you if that falls through? Of course you could. And sometimes that's the right strategy - particularly if you're early in a relationship and want to demonstrate you're not pushing them into suboptimal decisions.

Nevertheless, consider what delay costs in the opportunities we've been discussing throughout this series. The compliance-driven equipment purchase (Play 4 from the second post) has a fixed regulatory deadline. Delay isn't just inconvenient - it's potentially catastrophic. The business signing a commercial lease (Play 3) is paying rent on empty space while they wait for bank financing to materialize. Every week of delay is throwing away lease payments. The manufacturer with failing equipment (Play 2) is losing production revenue every day they operate with the old asset.

In these scenarios, spending 3% more on rate to get funding 45 days faster often produces net positive economics. The revenue captured or losses avoided during those 45 days exceeds the additional interest cost over the life of the financing. You're not asking them to overpay. You're asking them to calculate the total cost of the decision, including time value.

This reframe requires you to quantify the time cost specifically. "What's your timeline worth?" isn't rhetorical. It's a calculation question. Walk backward from their need date, factor in bank processing timelines, and show them exactly what delay will cost in operational terms.

Putting the System Together: From Rate Objections to Closed Equipment Finance Deals

We've now covered the complete strategic framework for 2026:

From the first post: Market intelligence showing where lenders are actually deploying capital - specialized infrastructure equipment, non-cyclical manufacturing assets, and professional equipment for established service businesses.

From the second post: Four origination channels that connect you to qualified prospects before your competitors - Fractional CFO Alliance, Service Provider Wedge, Commercial Real Estate Bridge, and Compliance Upgrade Specialist.

From this post: Three reframes that convert equipment finance rate objections into closed deals - Cost of Inaction, Capital Allocation Strategy, and Speed and Certainty.

The system works because each component reinforces the others. The market intelligence tells you what to target. The origination channels position you in front of those targets early. The reframes convert those opportunities efficiently. The operations infrastructure enables speed and certainty that makes the reframes credible.

Nevertheless, this only works if you actually implement it. Reading strategic frameworks is easy. Executing them consistently is hard.

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Start with one origination play this week. Build five conversations with potential referral partners. When those conversations produce opportunities, use the reframes to navigate rate objections. Measure what works. Refine your approach.

I am willing to bet that the brokers who succeed most in 2026 won't be those working harder at the same activities. Instead, they'll be those who identified underserved origination channels, mastered return-based selling conversations, and built their operations on infrastructure that doesn't require them to do everything themselves.

To quote James Clear: "You don't rise to the level of your goals, you fall to the level of your systems."

ABOUT THE AUTHOR

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