

# REBRANDING TO MERCHANTS FLEET MANAGEMENT

## AN INTERVIEW WITH CEO GLEN VILLANO

The Singer brothers, Gary, Robert, and Jeffrey, along with brother-in-law Michael Sydney, continue to develop the family-owned business founded by patriarch Irving Singer over 50 years ago. Merchants has since grown to become the nation's 10<sup>th</sup> largest fleet lessor. **BY MIKE ANTICH**

**O**n April 16, 2013, Merchants Leasing changed its name to Merchants Fleet Management. The change acknowledges the growth of the company's fleet portfolio, the breadth and depth of its service offerings, and its consultative approach to fleet management.

Merchants has grown from a regional lessor to the 10<sup>th</sup> largest in the nation, while committing to investment in technology and in-house expertise and talent. In the past four years, the company has experienced record growth, representing a cumulative 60-percent increase in company size.

"We are very excited about the name change to Merchants Fleet Management as it reflects our commitment to meet and exceed the long-term and expanding needs of our customers," said company CEO Glen Villano.

To learn more about the implications of the name change to Merchants Fleet Management and to get an update on the company's current initiatives, *Automotive Fleet* recently interviewed Villano. Excerpted below are highlights from the interview.

**AF: Why was the company renamed Merchants Fleet Management?**

**VILLANO:** The renaming reflects a reality of our evolution and growth. We have been in this business for more than 50 years with strength

predominately in the leasing sector. In recent years, we have progressed by introducing a comprehensive range of fleet services for our customers to meet their needs. We offer those services as solutions. The renaming reflects the fact that we offer a 360-degree approach to our customers, providing one-stop, integrated shopping.

The name change also reflects that we are much more consultative in our approach. We do not take a one-size-fits-all approach to our customers' challenges. We believe the name best matches who we are and what we do today and what we aspire to do tomorrow.

**AF: When did the company leadership first start thinking about changing its name?**

**VILLANO:** Every year we do a very deep dive into strategic planning. The strategic plan is

### MERCHANTS ACQUISITION OF ALD AUTOMOTIVE USA

On Aug. 31, 2010, Merchants acquired ALD Automotive USA, the North American arm of ALD Automotive, one of the largest fleet providers in Europe.

As a result of this transaction, Merchants acquired ALD's U.S. customer base and a fleet of about 3,300 vehicles.



**Glen Villano, who is a CPA, was named CEO for Merchants Fleet Management in 2012. He joined Merchants Automotive Group in 2008 as chief operating officer.**

based on customers' needs, how those needs are evolving, and how our business matches those needs. You will notice that everything, including our name, starts with the customer. Our slogan is not "We go Further," it is "Go Further."

I joined the company approximately five years ago. During the first strategic planning meeting, we absolutely understood that there was significant market demand for many fleet management products, most of which we had in some form, but we needed to work on the integration of them. We have centered our focus on solutions that serve major impact areas: cost containment, compliance, and operational excellence. These products solve practical, real-world challenges, and integrate information within our systems to provide our customers with the best advice possible.

We absolutely believe companies that don't offer a consultative approach aren't best meet-

ing the needs of customers. As a consultative company, our goal is to be able to provide the best-in-class services to our customers.

**AF:** Merchants has experienced a 60-percent cumulative growth over the past four years. What were the factors that contributed to this growth?

**VILLANO:** Most of the growth has occurred in the past four years. It is a combination of the acquisition of ALD Automotive USA a little over a year ago and organic growth.

Further, we are appealing to a wider variety of customers by offering more than the standard approach to fleet management. Our belief is that our customers will glean the greatest value by tailoring what we offer, and not just offering a cookie-cutter, one-size-fits-all approach, we can best serve our customers' needs.

**AF:** How would you characterize the 2012 calendar-year and what is your business forecast for Merchants this year and the next?

**VILLANO:** Last year was a record-breaking year for us in terms of the number of customers, business revenues, and profitability. We are a very sound company with an incredibly sound future.

Our fleet management system was



Hiring the best and working to retain them as long-term employees through training (above) is among Merchants' three pillars that comprise its strategic direction. Building a technology infrastructure (right) is another of its pillars.

## MERCHANTS CREATES FIRST-EVER STRATEGIC CONSULTING GROUP

In 2012, Merchants created a Strategic Consulting Group. The mission of strategic consulting is to partner with customers to drive cost savings and efficiencies through personalized lifecycle management, which includes technology solutions and peer benchmarking. Dan Hannan, who was hired by Merchants in February 2012, is the company's first director of strategic consulting. "The Merchants strategic consulting team provides customers with total cost of ownership and the ability to improve overall fleet efficiency," said Hannan.



HANNAN

Hannan came to Merchants with more than 20 years of fleet management experience. He is a certified Six Sigma Black Belt.

launched in November 2012, giving us many more capabilities than we had in the past.

We have completed the senior leadership team. We have assembled some of the best talent in the industry, bringing with them years of experience, who are now among our top producers after just a couple of months. The number of staff has increased over the past two years by more than 30 percent. Across Merchants' fleet management and automotive retail segments, our total staff is just under 300 people. Besides offering fleet management services, we also offer a short-term leasing solution and insurance, which many other companies aren't able to provide. One of the challenges that many fleet companies have is offering both open- and closed-end leases on the same system. Our fleet management system accommodates both.

**AF:** How does your portfolio break down between open- and closed-end leasing?

**VILLANO:** More than half of our portfolio is open-end. Over the past several years, we have writ-



ten more open-end than closed-end leases. But, still, for many companies, closed-end leasing is an ideal solution, especially if they want a predictable cost per month.

**AF:** What factors accounted for 2012 being a record year for Merchants?

**VILLANO:** We have been very successful at a few strategies. One, we have an exceptional marketing group and have developed a niche strategy for certain markets. For example, the limo industry is one that has been unserved for years, and, based on very good relationships with the major automobile manufacturers, we are able to put together programs for them.

We have also been able to support the rent-a-car market. Merchants has landed some absolutely top-notch blue-chip accounts. We have, on some fronts, implemented our short-term leasing solutions and offered insurance to go along with it, allowing customers to leverage that into their large fleets.

Also, in this type of economy, many customers who have traditionally owned their fleets are looking for ways to leverage that asset. We have made a number of strategic buyouts of fleets and re-lease them, giving clients access to that equity. Many customers didn't know that buy-backs were possible.

**AF:** Do you see more interest from fleet customers in buyback programs?

**VILLANO:** Absolutely. Not only are buy-backs occurring on the commercial side, but also on the local government side. We are seeing buy-backs more and more as a business play.

**AF:** What do you see as being the key issues currently facing the fleet management industry and how are those issues going to evolve in the future?

**VILLANO:** First, many companies are affected by the economy, which has created many challenges for fleet departments.

Our job is to consult and help customers find the best solutions. Ten years ago, you didn't have the information to do that as we do today. ►

## MERCHANTS FULL MAINTENANCE PROGRAM

The Merchants full maintenance program covers whatever mechanically goes wrong with a vehicle, which includes everything from oil changes, tune-ups, front-end alignments, wiper blades, brakes, muffler, exhaust, etc. to a fixed monthly price.

Merchants has a network of national account vendors throughout the country — Goodyear, Firestone, Valvoline, Pep Boys — for vehicle maintenance. The vendor calls Merchants for authorization and Merchants issues the purchase order. The invoice is issued to Merchants, who pays the bill.

Merchants has been offering full maintenance product for more than 40 years.

“I like to tell our customers, ‘All you have to do is drive the vehicle and fill it with gasoline. We take care of everything else,’” said Robert Singer, president and principal of Merchants Fleet Management.



SINGER

The other issue is that the economy has increased risk for many companies that have gone through tough times. They are rebuilding and trying to recover from this. We take a very personal look at the economics of every transaction. I personally see every deal that is both approved and turned down. We will go to extraordinary lengths to find a way to make a deal work for the customer. We are experienced at taking risk and structuring proposals that are real solutions for our customers.

**AF: Does Merchants have a client advisory board?**

**VILLANO:** We are establishing one this year

as part of our strategic plan. On the heels of our recent IT initiative, we want to further explore our client needs, priorities and pain points to help inform our next technology initiative and investment. We are looking to introduce our client advisory board in the third quarter of this year.

**AF: Could you provide more information about your strategic consulting group, which is a new entity within Merchants?**

**VILLANO:** This is an exciting new group within Merchants. It is staffed by an industry veteran, Dan Hannan, who is doing an outstanding job. Dan has helped draw focus to the fact that strategic consulting is a mandatory requirement; it is not an optional area. It is necessary to be able to help our customers get the best out of their fleet. This knowledge is not something that you are born with. It is something that you learn from your experiences with other customers.

The Strategic Consulting Group is responsible for giving feedback in terms of technology, as to what should be built to support our customers. The group conducts face-to-face communication with our customers on what they ought to do to improve their business. The Strategic Consulting Group is being built as we speak and it currently has about six people in it. We intend to grow that group.

In terms of other objectives, we will certainly continue the development of our fleet management products as we go along. That evolution goes from developing the product idea, to developing the product, to developing the systems to support it, and the individual management of those products. As those products continue to grow and expand, so will the group. This group and the Strategic Consulting Group are very closely tied because many of those solutions address customer needs.

**AF: Since the acquisition of the ALD Automotive USA portfolio, does Merchants Fleet Management continue to have an appetite for additional acquisitions?**

**VILLANO:** One of our strategic initiatives this year is to actively seek acquisition candidates. It is an area where we are looking to invest and consider this an avenue of growth. We proved with the ALD acquisition that we are able to take on an acquisition and do very well in terms of transitioning the customers in a very professional manner. One of our strategies over the next five years is to look for people who may want to consider selling their company or combining with us.

**AF: What other strategic goals does Merchants have in place that you would want to share with our readers?**

**VILLANO:** We have three pillars that comprise our strategic direction. One is our talent within the organization. And, that ranges from hiring the best people in the industry to being able to train the people we have here, and to focus on developing people's careers by providing career pathing.

We not only want to hire the best, but also retain them as long-term employees. For example, at one of our town hall meetings, we celebrated the 30<sup>th</sup> anniversary of one of our employees. It was just spectacular. Recently, we were nominated as the best company to work for in New Hampshire.

Our second strategy pillar involves building our infrastructure. That is not only taking our technology to where we have it today, but being able to enhance that technology to go as far as the customer needs. We want to provide customers with information and to integrate all of our products and services into that platform.

The third pillar revolves around the entire process of sales prospecting, finding the right customers and being able to provide them with creative solutions and new products that we will develop to meet those needs. **AF**

Merchants Fleet Management, headquartered in Hooksett, N.H., also operates a used vehicle lot at its headquarters campus.