

INTERVIEW WITH **TOM COFFEY** OF MERCHANTS

After 18 months at Merchants Fleet Management, Vice President of Sales and Marketing Tom Coffey reviews the changes he's helped initiate at the fleet management company. **BY CHRIS WOLSKI**

Since joining Merchants Fleet Management in late 2011, Tom Coffey, vice president of sales and marketing, has helped transform and significantly grow the family-owned and operated fleet management company.

A 25-plus-year veteran of the fleet and equipment leasing industry, and one of the few senior managers working today with experience at several top fleet companies, Coffey joined Merchants from Donlen. His previous experience included serving as senior vice president of financial solutions at GE Capital Fleet Services. While at GE Capital Fleet Services, he also led the North American efforts in truck fleet services and held a number of regional sales management positions at the company.

Automotive Fleet (AF) recently spoke with Coffey about his accomplishments during his tenure with the company, what he sees in Merchants' future, and what trends he sees emerging in the fleet industry.

AF: Merchants recently changed its name from Merchants Leasing to Merchants Fleet Management. Why was this an important change for the company?

AT A GLANCE

Since Tom Coffey joined Merchants Fleet Management, the company has experienced significant growth by:

- Leveraging its human and technological capital.
- Providing a flexible array of products and services.
- Expanding into new markets and cultivating established ones.



PHOTOS: MERCHANTS

Tom Coffey, Merchants' VP of Sales and Marketing (center), Brad Jacobs, Merchants' manager of process improvement (left), and Dan Hannan, Merchants' director of strategic consulting, review a marketing plan.

COFFEY: Our name change reflects our evolution. While we certainly do lease, a vast majority of our customers also look to us to provide fleet management services; everything from maintenance to fuel to acquisition to remarketing to insurance to accident management, and, of course, strategic consulting, which ties it all together. So, the fleet management addition to our name reflects that most of our customers use us for much more than the leasing and financing of their vehicles. Plus it opens up opportunities with companies who aren't interested in leasing and financing, but want management services while they might actually own their fleets.

AF: Does this reflect how you see the industry changing, increasingly moving away from what we think of as 'fleet management'?

COFFEY: At a more granular level, you really can't compete in today's fleet management market either nationally or globally unless you offer the whole spectrum of services beyond leasing and financing. To be a player today, you have to go beyond the basic services by offering the strategic consulting piece to solve customer challenges and impact their bottom line. Without that you really can't operate, at least not in North America, as a top 10 fleet management company, and certainly not globally.

AF: You've been at Merchants for more than 18 months during which time the company has experienced major growth. What have you done to help fuel that?

COFFEY: We're really focused on furthering our proprietary expertise and customer service. In the past 18 months, we've probably hired 50 new employees. About a dozen of those people are dedicated to sales and marketing, and, on top of that, the company has dedicated millions of dollars to improve and expand the technology interface with our customers.

When it comes to our success, especially in the past 18 months, I cannot underestimate the importance of providing a very flexible service platform for our existing customers. And, now, with the people and technology investments we're making, we're able to expand the markets we serve and move up-market significantly without losing track of the customers that helped make Merchants a very successful company in its own right.

AF: What are some of the day-to-day changes that you've made that are fueling the company's growth?

COFFEY: We challenged our regional sales managers to step up their game so they were not only looking for new business opportunities, but were really following up with our existing customers to add value. Using the tools we have available for our strategic consulting team, we are focused on leveraging proven best practices and shared ideas, so our customers get more value from us and we continue to grow with them.

Additionally, one of the benefits of someone like myself who's been around a bit, we were able to attract a pretty significant group of new folks to come on to help us to quickly expand our relationships with new and future customers. ▶

AF: So, they brought a fresh perspective?

COFFEY: We take the best that's out there, blend it together with what we've already got and/or what we're building and get it out there as fast as possible as a solution for our customers, and that's what helps drive the growth we're experiencing.

AF: How do you balance getting bigger, but also being the same Merchants to your existing customer base?

COFFEY: We don't just provide cookie cutter lease and services offerings. I think that most of the market understands or knows that, while the majority of our leasing is open-end, we have a significant niche that is closed-end. With that, we don't just provide what most people would call "maintenance management." We provide to a significant number of our customers full maintenance and even some insurance products. This way we're able to appeal to both small- and mid-sized fleets, with that product mix, and also with larger fleets with that more traditional mix of open-end leases, pay-as-you-go maintenance management, and accident management services.

Another important point is our key relationship managers, whether it's the originating salesperson or the customer service representative assigned to the customer's accounts, who stay with customers long term. We don't generally transfer from the originator to an account maintenance team. We try not to disrupt that relationship.

There are a few points that differentiate us in terms of our operations. We don't have an executive row here. If you come to visit us, in the heart of the customer service team in an open cube, sits our chairman, Gary Singer. Gary sits right in the middle of the customer service team with the head of customer service, Donna Talbot, who he's worked with for 30 years, right next to him. Further down the hall, I sit next to Gary Scanlon, who is director of national accounts. Gary and I collaborate every day on our existing customers and strategize on new ones. Sitting right with us is Robert Singer our president. There isn't much said that doesn't get heard by the others. Further strengthening



Merchants Fleet Management's Strategic Fleet Consulting team focuses on strategic planning, fleet management, and fleet optimization solutions.

our management-employee relationship, Merchants' CEO Glen Villano, is embedded with our operations team.

AF: What are some of the trends or changes you see coming in the near term?

COFFEY: As I mentioned, the majority of what we do today is open-end leasing with unbundled services. In the past, the majority of what we did was closed-end with full maintenance and insurance included. There's still a place for that. As an offshoot of that, I think there are some interesting combinations that will be available or are available to fleet customers, but they may not be aware of. For example, I know a lot of fleets — bigger sophisticated fleets — have been utilizing shortcycling in their fleets to maximize resale gains.

Everybody knows that the resale market has been strong for the last three or four years. I think the market is going to continue to be strong. The manufacturers are not overproducing. If that trend continues, there still will be opportunities for fleets to cycle out of their vehicles at opportune times to maximize resale. That's not always easy to do because it impacts the culture of the fleet and the business. A lot of fleets and their companies have very firm policies about who gets a new car and when. Flipping a driver out of their car just because resale is high is not always something you can execute.

But, there are other options out there that fleet customers can take advantage of if they'd like to lock in or protect resale. Those can be everything starting from a traditional closed-end lease where you are guaranteed

a payment and you're not at risk on resale. Believe it or not, it's a heck of a lot better to negotiate and obtain a closed-end package when the market is strong instead of when it's weak. Right now it's just as advantageous to consider this for a piece of your fleet — maybe not your whole fleet. Remember, no one said a fleet customer has to put their entire fleet at risk on resale when there's companies out there, such as Merchants, that can lock in their fleet costs for a three or four year lease period. It doesn't have to be all or nothing.

The same thing goes even with residual guarantees. There is an ability to potentially lock in resale gains, even on open-end leases, if a fleet customer and a fleet management company can come together and agree on projected mileages, uses of the vehicle, and likely cycle times to lock-in potential sales gains in advance. There are ways for fleets to mitigate risk or lock in resale gains or minimize a potential loss situation in advance. All the things you can do with stocks and other instruments, you can do with vehicle management services.

AF: What's next for Merchants in the near term?

COFFEY: Merchants will continue to invest in its customer-facing technologies. We will be rolling out a significantly new customer interface in the next six months that will vastly improve the technology and reporting that our customers can derive from us. We will continue to grow in the segments that we serve. That will be everything from traditional corporate fleets to livery to buses, and just as important, government. **AF**