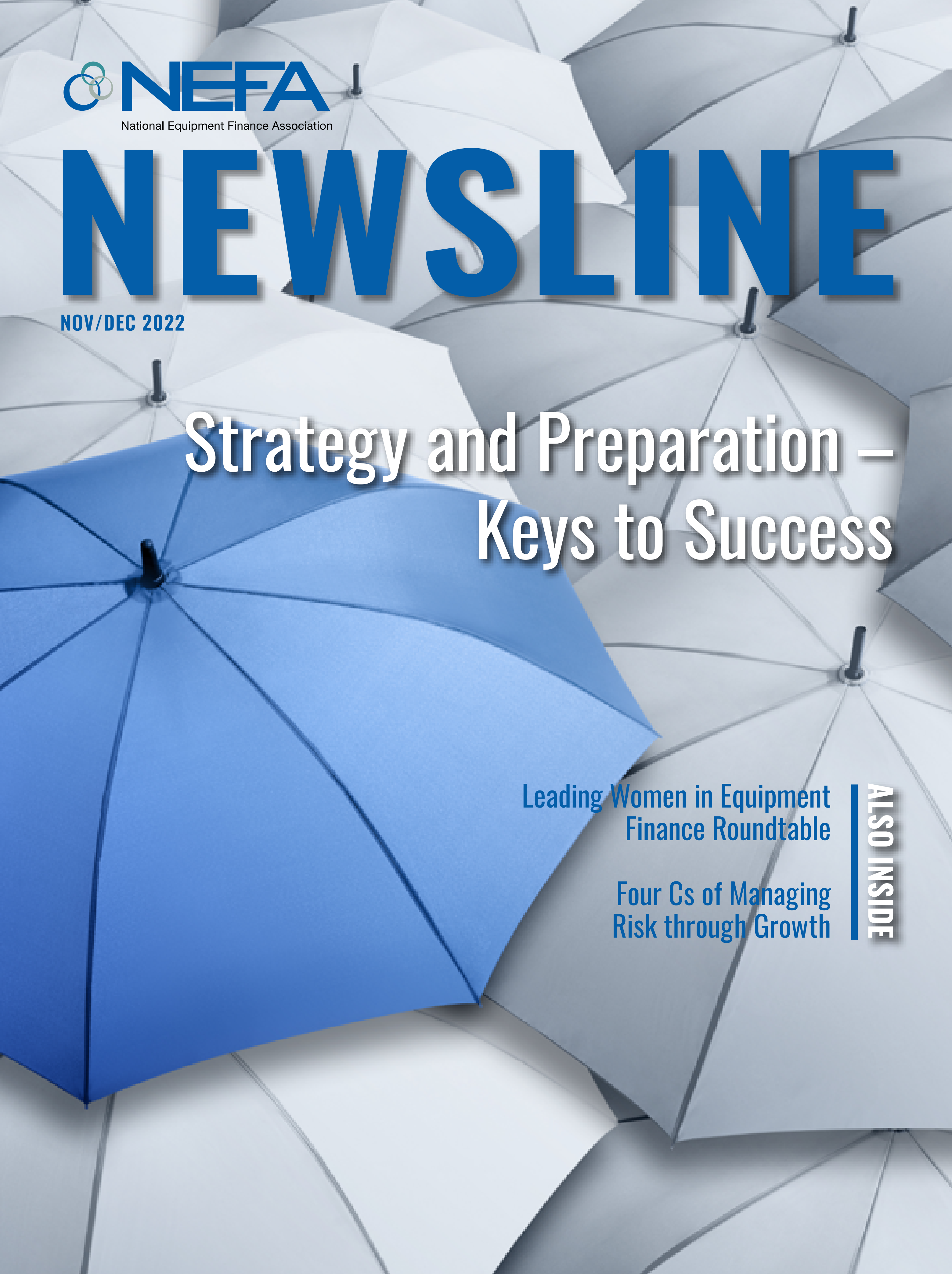

NEFA
National Equipment Finance Association

# NEWSLINE

NOV/DEC 2022

## Strategy and Preparation – Keys to Success

ALSO INSIDE

Leading Women in Equipment Finance Roundtable

Four Cs of Managing Risk through Growth

CHANNEL

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At Channel, we strive to bring you the most **comprehensive equipment finance and working capital experiences** available in the marketplace today. We are driven to help you build **deeper customer relationships** by offering more options, services, and value to meet their unique business financing needs.

As a provider of both Equipment Finance & Working Capital, we are a **Single Source Solution**:

## EQUIPMENT FINANCE

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- Risk-based pricing for ticket sizes ranging $10,000-$250,000
- Leveraging technology that puts you in control

## WORKING CAPITAL

- 56% of all businesses use working capital to grow
- Channel offers a non-disruptive process for loans and advances up to $250,000
- Credit decisions in hours and accommodates monthly or weekly payments

**Extended product solutions** expand options for your customers to keep them with you longer:

**RISK BASED TERMS***

**EQUIPMENT CREDIT LINES**
ECLs offer increased funding to enable additional equipment purchases when needed.

**VALUEWRAP**
Your current customers may wrap an active equipment lease or loan balance with new financing; extend the term and lower overall payments.

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Up to $50,000 Working Capital offers on Tier 1-3 equipment finance approvals.

**MONTHLY PAYMENTS**

**CUSTOMIZED PROGRAMS**

**SYNC & GATEWAY TO SUCCESS**


### CONTACT

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*Subject to credit review

NEFA
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# DEPARTMENTS



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# A Message from NEFA's President

I am honored to be your incoming President and I want to take this opportunity to recognize the leadership provided by Jim Jackson and last years' board. We aim to be a strong, valued organization and professional resource for our more than 360 corporate members across the country and I thank those who make this possible including our volunteers, sponsors and staff.

We are guided by the desire to help realize opportunities to educate, mentor and share information and resources that support both personal and professional goals. To offer the chance to advocate for our industry, ideate solutions to core challenges, serve our communities, and to meet, network and socialize with peers nationwide.

It was a pleasure to see high energy and member engagement at the recent NEFA Funding Symposium in Nashville, November 2-4, 2022. With record attendance, this event brought us together like none other before. The buzz and collaboration across the busy exhibit floor coupled with well-appointed session topics and practical application labs for knowledge sharing made for a tremendous event.

The industry has had an incredible run for portfolio performance and origination strength, however, looking to 2023 – the macro-economic environment is rapidly changing. We have become accustomed to key challenges like inflation, the rising rate environment, supply chain issues and disclosure, but there are additional trends important to track as well.

Since Q3 of 2021, credit card balances are up $121 billion, a 15 percent increase and the biggest year-over-year increase in more than 20 years. Credit card delinquency remains historically low but rising for three consecutive quarters and household debt is up 2.2 percent in Q3 2022 compared to the previous quarter, driven partly by increased credit card debt but also mortgage, auto, and other consumer loans. Inflation, along with an exhaustion of liquidity in the market, has compressed cash flow and the result is an increased trajectory of debt ramping with faster acceleration than is typically observed.

At Channel, we do not believe we are heading back into 2008, however, considering macro-economic trends – it is prudent to carefully monitor portfolio performance across the credit spectrum specific to each industry vertical and asset class. Today, industry associations are more valuable than ever as we share ideas, information, and educate our staff as a community, benefiting our own organizations and industry.

NEFA continues to be in the best financial position to date, focused heavily on revamping the member experience and building the internal systems and infrastructure required to grow and scale. Taking a longer-term approach, we are setting a 3-to-5-year strategic plan that leverages feedback from our membership. The board and staff are committed to ensuring NEFA continues to be an invaluable resource to your business, especially as we begin to cross rougher seas.

Adam Peterson
NEFA President

# A Message from NEFA's CEO

As the year ends, NEFA is positioned for phenomenal growth and expansion in the future.

As you may recall, NEFA's Mission and Purpose is to cultivate the growth of its members in the equipment leasing and finance industry by providing networking, collaboration, and the exchange of impactful knowledge. In pursuing the mission, the leadership and staff expanded the member benefits, offerings, and value proposition in many areas including:

- Improved NEFA conferences, regional events, and new educational resources
- Expansion of volunteer opportunities through committees and regions
- Launched member discount programs

Through these initiatives we have grown to 356 members and added 85 new members this year to date.

The 2022 NEFA conferences each reached record-setting attendance including the March Finance Summit, with 376 attendees and the November Funding Symposium with 405 attendees.

Special thanks to the 2022 Funding Symposium planning committee for their hard work.

- Co-Chair - Stephanie Hall, CLFP - Quality Equipment Finance
- Co-Chair - Jena Morgan, CLFP - JDR Solutions
- Kyle Bergeron - Blue Bridge Financial
- Jeffrey Bilbrey - Leasepath
- Anne Dalgaard, CPA, CLFP - Dynamic Rentals
- Beth McLean, CLFP - Northland Capital Equipment Finance
- Kim Riggs-Mounger - Orion First Financial
- Shawn Smith - Dedicated Financial GBC

The conference featured multiple opportunities for members to connect with exhibitors, sponsors and each other and featured the following networking opportunities:

- Charity Axe Throwing event that generated over $21,000 for Safe Haven, which supports families facing domestic violence and housing challenges.
- Women in Leasing Luncheon attracted a record-breaking 87 attendees.
- Ambassador's Reception provided over 50 new and first-time attendees the opportunity to meet the NEFA Leadership.
- Welcome Reception and President's Reception CWEF Fundraising event at Whiskey River Saloon

The Annual Meeting held during the conference also featured NEFA updates, industry organizational updates and the naming of the 2022-2023 NEFA Board of Directors including:

- President - Adam Peterson – Channel
- Vice President - Robert Hornby – CSG Law
- Treasurer - Jacklynn Manning, CLFP – AMUR
- Secretary - Paul Fogle, CLFP – Quality Equipment Finance
- Past President - Jim Jackson – The Alta Group
- Don Cosenza, CLFP - North Mill Equipment Finance
- **New** - Ron Elwood, CLFP - Navitas Credit Corp.
- **New** - Scott Forrest - Bluefin Capital
- Kim King, CLFP - BankFinancial Equipment Finance
- **New** - Kayla Perlinger, CLFP - Oakmont Capital Services
- Shervin Rashti, CLFP - SLIM Capital
- Bob Rinaldi, CLFP - Rinaldi Advisory Services
- Shawn Smith - Dedicated Financial GBC
- Special thanks to outgoing Board Members Laura Carini, CLFP – Financial Pacific Leasing, Beth McLean, CLFP – Northland Capital Equipment, and Scott Wheeler, CLFP – Wheeler Business Consulting.

Randy Haug - LTi Technology Solutions, provided an update on the Chris Walker Education Fund (CWEF) and announced the CWEF Member of the Year Award Winner Scott Wheeler, CLFP - Wheeler Business Consulting.

We look forward to seeing you in 2023 at a NEFA event and Happy Holidays!

Chad Sluss
CEO
P: 616.204.9599

NEFA Headquarters
P.O. Box 69, Northbrook, IL 60065-0069
847.380.5050 Main | 847.380.5055 Fax
www.NEFAssociation.org
info@NEFAssociation.org

NEFA Chief Executive Officer
Chad Sluss
847.380.5050 | csluss@NEFAssociation.org

NEFA Director of Events & Operations
Kale Tissue
616.520.3033 | ktissue@NEFAssociation.org

NEFA Director of Membership
Hannah Kroll
989.859.5864 | hkroll@NEFAssociation.org

Newsline Design & Production
Equipment Finance Advisor, Inc.
d/b/a Advisor Publishing Group
975 Mill Road, Suite G, Bryn Mawr, PA 19010

Editor-in-Chief
Michael Toglia
484.380.3184 | mtoglia@advisorpubs.com

Editor
Michael Dickinson
484.380.3215 | mdickinson@advisorpubs.com

Director of Sales & Marketing
Denise Finegan
484.380.2968 | dfinegan@advisorpubs.com

Design & Production
Eliza Whitney
www.elizawhitney.com

# in the NEWS

## PERSONNEL ANNOUNCEMENTS

### KLC Financial Adds Eight Team Members, Promotes Lewis to VP of Operations

KLC Financial announced the hiring of eight new members to the team, the promotion of Amy Lewis to assume the role of Vice President of Operations, the promotion of Saima Hawley to assume the role of Accounting Manager, and the promotion of Jordan Bonneur to assume the role of Senior Accountant. Becky Lintgen joins as Account Specialist, Nathan Lukasavitz joins as Account Manager, Joe Roggenbuck joins as Client Success Specialist, Kelly Delgado joins as Systems Manager, Gina Ware joins as Account Manager, Patrick Dehmer joins as Operations Specialist, Al Sedacca joins as Collections Manager, and Michelle Moval joins as Business Development Representative.

Lintgen has deep experience in the healthcare industry and brings exceptional project management and data analysis skills to the Operations team.

Lukasavitz joins KLC with an operations background and has previously worked closely with sales and marketing to oversee and manage top customer accounts to generate maximum revenues and outperform the competition.

Most recently, Roggenbuck worked for Capella University as an Academic Coach, where he wore many hats with advising/coaching, planning, customer service, and account management. He is excited to apply his exceptional prioritization management skills, energy and relationship building skills to the Business Development team.

Delgado has a background in a variety of Administrative and Operations roles prior to KLC Financial, with the most recent being focused on Client Experience at a managed telecom service company. As Systems Manager, she will be focused on overseeing and assisting with day-to-day configuration, support, maintenance, and improvement of company-wide software systems.

Ware joins the company with an education background where she coordinated care for a variety of groups within the district. She brings remarkable attention to detail and financial analysis skills, as well as notable positivity to the Operations team.

Before KLC, Dehmer worked as a Lease Specialist for CoBank where he focused on funding and book activities. He brings a tremendous focus on compliance, organizational efficiency, and financial analysis.

Sedacca brings over 18 years of experience in Accounts Receivable, Credit and Risk Management with companies such as TCI Business Capital, CH Robinson, American Fire Protection Group (an API Company), and Lube Tech. He specializes in working with teams to ensure that strong sales lead to sustainable cash flow and a healthy bottom line.

Moval joins the business team with a wealth of experience in the equipment finance industry. Mostly recently, Moval was the Finance Manager for a large, national equipment finance company where she partnered with a strong base of vendors to help leverage financing as way to drive more revenue faster.

### ACS Promotes Pace to Chief Client Experience Officer

Asset Compliant Solutions (ACS) promoted Andrew Pace to the role of Chief Client Experience Officer (CXO). Pace joined ACS in 2002 and most recently held the title of Chief Operating Officer. ACS created the role of Chief Client Experience Officer to better reflect Pace's extraordinary work developing pro-active, strategic solutions for lenders.

"ACS is always looking for ways to add more value for our lender clients," said ACS CEO Brian Noble. "Over the last 20 years, Andrew has helped lead the way as we have worked to deliver better client experiences and better financial results. We have big plans for the years ahead. It's good to know that our clients will be in Andrew's capable hands."

"Every day, I have the privilege of working with smart, hardworking credit professionals across the country," added Pace. "I experience first-hand the challenges they face on a one-to-one basis. Nothing gives me more satisfaction than developing solutions that work for them, their companies and their customers."

### Quality Equipment Finance Names Hall as VP of Sales

Quality Equipment Finance announced the addition of Stephanie Hall, CLFP to the company's senior management team as Vice President of Sales. In her new role, Hall is charged with spearheading Quality's marketing efforts and leading the firm's sales team to grow funding volume and market presence.

Quality CEO & Managing Director G. Paul Fogle, CLFP said, "We are thrilled to add Stephanie to the team. She brings extensive knowledge and experience in all aspects of commercial equipment finance."

Fogle added, "She is a fantastic fit within our company culture. Stephanie leads by example with her active industry volunteerism, stellar network reputation and a track record of proven success."

Hall is a past President/Chairman of the National Equipment Finance Association. She currently sits on the advisory council for Equipment Finance Cares, serves on the Small Ticket Business Council Steering Committee for the Equipment Lease & Finance Association, and is a STRIPES Leadership program Master Talk leader. Hall maintains active involvement in both the NEFA and the American Association of Commercial Finance Brokers (formerly NAELB) as a member, educational speaker and a 2022 Conference Chair for each association.

"I'm thrilled to be joining an organization with the core values held by Quality and its leadership team," said Hall. "Stepping into this position with such a seasoned, already successful sales team is an amazing opportunity to focus on growth, continuous improvement and service to our originators and customers."

Hall is a Certified Lease & Finance Professional (CLFP) with over 16 years' experience specializing in small-ticket equipment finance. Prior to joining Quality, she served as Executive Vice President of a Chicago-based bank, where she created the small-ticket group.

# in the NEWS

### NewLane Finance Hires Talent Acquisition Manager

NewLane Finance Company hired of Victoria Wallace as Talent Acquisition Manager. In her new role, Wallace will be dedicated to expanding NewLane's growing national sales presence.

Wallace has extensive experience in talent acquisition and most recently held the position of Talent Acquisition Manager at PEAC Solutions, where she specialized in recruiting sales, IT, customer service and finance professionals. "I'm excited to join NewLane's team and spearhead their talent acquisition growth initiatives," said Wallace. "NewLane has an excellent reputation in the industry and is one of the reasons I joined them. With my equipment finance experience along with their dedication to being an employer of choice, I look forward to growing our team and supporting NewLane's expansion plans."

### Quality Equipment Finance Adds Wrobleski to Sales Team

Quality Equipment Finance, the commercial equipment financing subsidiary of the Tom Wood Group, announced the addition of Robert (Rob) L. Wrobleski, III to the company's top-producing sales team. As Quality's newest Sales Consultant, Wrobleski plans to capitalize on his knowledge of additional asset classes and diverse financing programs to help expand Quality's national funding scope. He joins the team with more than five years of commercial finance sales at Mitsubishi HC Capital North America and as an awarded United States Marine Corps engineer.

As the U.S. employment market remains tight, hiring and retaining key talent has become a top challenge for the commercial finance industry. Quality Leasing CEO and Managing Director G. Paul Fogle, CLFP, said, "We expanded our candidate search beyond our traditional sector and were thrilled to find Rob! His unique background strongly aligns with our company's mission to invest in the success of SMBs; and he brings a fresh perspective to our entire organization's operation."

Wrobleski, who will be working from his home office in Minneapolis, MN, said, "I'm grateful to the Quality staff in Indy and the remote sales reps who have welcomed me and shown me the specifics of our products and processes. I'm ready to roll. Let's go!" Prior to his work at Mitsubishi HC Capital North America, Wrobleski has worked in the commodities, logistics and agriculture sectors. He also served in the United States Marine Corps where he was awarded the honorable Navy-Marine Corps Achievement Medal. Wrobleski earned his B.S. degree from the University of Minnesota.



### Oakmont Capital Services Promotes Fischer to Large Ticket Credit Manager, Grows Team

Oakmont Capital Services (OCS) promoted Clay Fischer, CLFP, to Large Ticket Credit Manager. Fischer, who has a decade of experience in the equipment finance industry, will utilize his credit analyst expertise to help oversee the team, including newly added staff members.

OCS continues to expand in the second half of 2022, adding sales and operations team members in both its Pennsylvania and Minnesota offices. OCS welcomes to the team:

- Jenna Rubendall, Staff Accountant, supports OCS's Controller and accounting team by fulfilling daily funding requests. Her previous experience includes work as a staff accountant for an electrical component manufacturer and a year of service for AmeriCorps.
- Alicia Moening, Account Manager, joins a team of finance professionals dedicated to supporting current customers. Her role centers on answering loan questions, discussing new financing opportunities, and explaining OCS' offerings.
- Grant Mergen, Credit Analyst, and Kendra Lange, Credit Analyst, support the growing credit department, helping review and approve customer deals quickly and efficiently.
- Jenny Goebel, Operations Specialist, has 24 years of experience in the banking industry. Her new role helps the Documentation and Titling teams ensure process accuracy.
- Debbie Waldron, Collections Specialist, has over 25 years of experience working in the equipment finance industry. Her background includes collections, insurance, and titling. She will support the collections team as OCS' transaction volume increases.
- Stephanie Wentland, Business Systems Analyst, graduated from St. Cloud State University and has over 10 years of experience in equipment finance. Her role focuses on supporting the IT team with implementing technology solutions.

## INDUSTRY NEWS

### Northteq Launches Aurora Customer Portal

Northteq announced the launch of the Aurora Customer Portal. The portal is a customer servicing platform with an intuitive interface and easy navigation that helps equipment finance lenders improve customer satisfaction and ease employee workloads.

The extended service capabilities offered through the Aurora Customer Portal go beyond account management and making payments. The portal allows customers to apply for new financing with instant approval, gain line of sight to in-flight requests, upload secure documents, and create alerts for contracts nearing end of term. With the ability to white label the portal, lenders can build a branded, digital lending experience that engages and delights their customers from application to servicing.

"The Aurora Customer Portal was conceptualized through the eyes of the end user, ensuring the portal experience supports both internal operational efficiencies while providing a positive customer experience," said Kristian Dolan, Chief Executive Officer and founder of Northteq.

With the rise of 24/7 digital banking and the growing expectation for on-demand digital banking solutions, it's more important than ever for lenders to meet the growing demands of their customers without overworking their employees. The Aurora Customer Portal helps support every-day servicing needs of customers while connecting workflows to help ease employee workloads.

"Customers have come to expect easier, more efficient ways to access their account information and complete financial transactions online. Now, lenders have a solution that services their customers' on-demand digital needs while easing employee workloads from high touch service requests," said Shawn Birch, Director of Product Management at Northteq.

With the ability to integrate with any portfolio management system, the Aurora Customer Portal is a powerful tool in the hands of any lender, providing an all-encompassing view of the customer and asset life cycles. Easily build and strengthen customer-vendor-lender relationships through one, connected system.

### Solifi ABL Passes $1B in Loans Outstanding on SaaS Platform

Solifi announced its Solifi Asset-Based Lending (ABL) software-as-a-service (SaaS) solution on its open finance platform now supports more than $1 billion in loans outstanding for lenders globally. Additionally, Solifi's ABL borrower portal user traffic increased by 4x in less than a year as lenders and borrowers recognize the benefits of Solifi's easy-to-use, self-service tool that's available 24/7.

"We are committed to providing ABL lenders with the technology tools they need to achieve their business goals," said Bill Noel, Chief Product Officer (CPO), Solifi. "We celebrate these milestones with our customers who have put their trust in Solifi to provide the mission-critical system upon which they run their business. This trust is not something we take lightly, and we deeply appreciate the partnerships with our ABL customers who drive our continued innovation."

With ABL finance lenders moving business operations to the cloud and adopting a SaaS-first strategy, Solifi offers a secure

ABL solution for loan management, credit monitoring, risk management, portfolio analytics and a borrower portal.

### American Lease Insurance Sold to American Bankers Insurance Group

According to a statement released by Assurant, Assurant has acquired American Lease Insurance (ALI), a third-party administrator focused on providing insurance solutions for commercial equipment and vehicle leasing companies. The acquisition of ALI allows Assurant to further scale and strengthen its leadership position by competing in the small lessor market – a fast-growing segment that will be integrated into our Global Automotive business.

ALI will provide scale in this niche part of the lease and finance market, while bringing a loyal book of high-quality customers with long-standing relationships and allow for opportunity to further expand our underwriting expertise and product offerings with existing clients.

### Notarize and Northteq Launch Online Notarization Integration

Northteq announced that Notarize, a leader in remote online notarization (RON) technology, has joined its growing list of fintech partners. The integration of Notarize within Northteq's Aurora product suite will allow lenders to stay competitive and provide a simple way to help borrowers get their documents notarized securely from any device.

Northteq and Notarize are partnering to support customer needs and the growing demand for remote online notarization. This Salesforce.com integration with Notarize enables RON for document signing and verification purposes, which saves lenders time and money, while also creating a seamless notarization experience for their customers.

Borrowers can sign documents on their mobile or desktop device anytime, anywhere, without having to endure the time-consuming and uncertain process of traveling to and tracking down an in-person notary. Notarize is also an environmentally friendly integration that helps lenders save money on shipping and printing costs, as well as emissions from driving to-and-from in-person signings.

### Quality Leasing Co. Rebrands as Quality Equipment Finance

Quality Leasing Co., Inc. is now Quality Equipment Finance, thanks to a sustained period of record growth and a campaign to realign and reaffirm the company's brand and positioning.

2022 saw growth in staff; restructured operations and management in its Carmel, IN headquarters and several satellite offices; and a number of new technologies. Alongside a significant 63 percent growth in year-over-year funding volume reported through 3Q22, the company added seasoned executive leadership from the industry and additional sales consultants who embody the company's commitment to personal customer service and excellence—a value customers and partners have grown to expect and trust.

In the midst of this growth, Quality has been developing new technology, refining its underwriting process and making its financing programs ever more competitive. It celebrated its 65th anniversary earlier this year by rolling out EZ-Q, a new application-only program for transactions up to $150,000. All these investments fuel Quality's momentum going into 2023.

"We are constantly fine-tuning our newest tech platforms to make deal submissions easier, credit decisions faster and funding processes smoother for everyone involved," said G. Paul Fogle, CLFP, Managing Director at Quality. "We wanted our brand to better reflect our position in the market."

The company uses equipment finance agreements, or EFAs, as its primary financing method, a major factor in the renaming. Quality partnered with the growth-focused marketing agency Sands Costner to work on the rebranding. Quality now boasts a new website, new logo and a focused mission: to invest in the success of small businesses with fast and fair commercial equipment financing.

"Sands Costner helped us clarify our position and reaffirm our commitment to our customers," said Fogle. "We've experienced significant growth for some time, and our programs and offerings have expanded and evolved to be more robust than ever. We haven't forgotten that this is all about the people we empower to do big things all over the country. Our dependability and human touch are still our hallmarks."

### Tamarack Makes Strategic Shift to Tamarack.ai

Tamarack Technology launched a new website domain – tamarack.ai. The domain change supports the company's vision for the future of equipment finance and reflects Tamarack's focus on the application of artificial intelligence (AI) and automation within the equipment finance industry. The company introduced a new suite of AI and digital automation products earlier this year.

"Tamarack.ai is not just a new web address," said Daniel Nelson, founder and Chief Executive Officer of Tamarack Tech-

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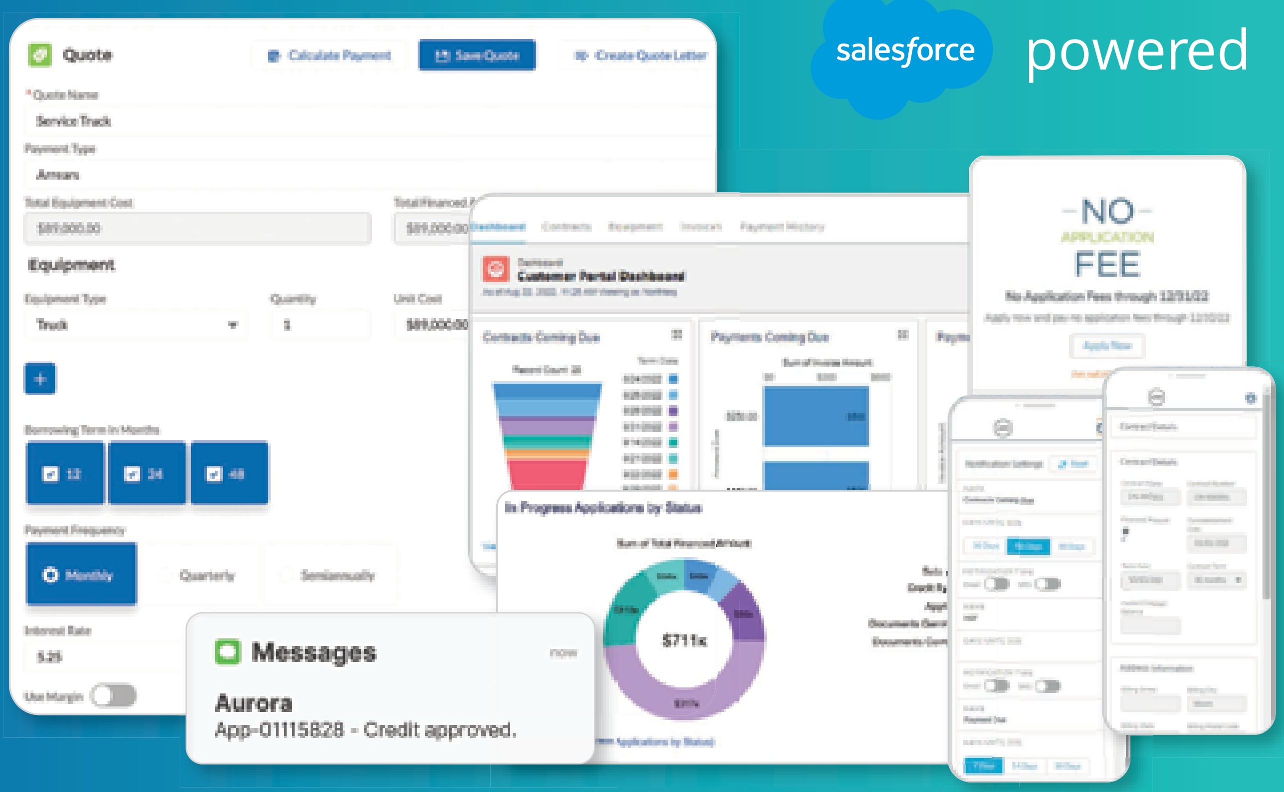


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nology. "It's a reflection of our commitment to the evolution of Tamarack as an organization. Tamarack.ai communicates our vision for how we will continue to support the equipment finance industry through products and services into the future. We believe the application of AI technology will streamline workflows and enhance customer service across the industry, increasing productivity and financial performance to make equipment finance organizations more efficient and effective."

Tamarack's new suite of AI products was developed to enhance the productivity and revenue capabilities of equipment finance companies by leveraging both their financial and operational data. Early adopters of the product suite have experienced increased productivity and rapid growth using access to aggregated data, a purpose-built business intelligence framework, and the automation of routine manual tasks to allow for more effective use of their teams.

Tamarack's AI products use data from across an organization's digital systems – past and present – to speed up operational workflows and automate decisions like approval, syndication and funding. Tamarack enables customers to use their data in conjunction with commercial data sources to differentiate their business and elevate competitive advantages that drive more value with customers.

### Black Equipment Finance Network Announces Its Formation

The Black Equipment Finance Network (BEFN) announced its formation as an organization tasked with increasing and elevating the participation of black equipment finance professionals in the industry. The networking group consists of management-level equipment finance professionals able to benefit directly from BEFN's mission and others seeking to collaborate. BEFN has identified five areas of focus to pursue its mission, with a strong focus on DEI advocacy, mentoring, and recruiting. At present, there are approximately 40 members.

George Parker (Co-CEO of VenSource Capital LLC) President of BEFN spoke about its formation. "This past spring, a few black equipment finance veterans were discussing DEI initiatives within the industry, and we realized that none of us knew how many black professionals participate in the industry. In fact, most of us only knew a handful from various industry association events. Additionally, we discussed the fact that very few minority-owned firms participate in the equipment finance industry, an industry which now totals nearly $1 trillion in annual volume. Based on this discussion and a few subsequent ones, we concluded that forming a networking group to meet one another, to collaborate on industry DEI efforts, to offer a platform for collaborating on business opportunities, and to share information might make sense."

In pursuing BEFN's mission, the organization has identified five areas of focus, including: networking, professional development, DEI advocacy, promoting collaboration among members on business opportunities, and giving back to the industry. Membership is open to management-level equipment finance professionals who might benefit directly from BEFN's mission and others involved in DEI and/or pursuing goals complementary to those of BEFN. Of the 40 or so current members, more than 30 of them represent companies, large and small, that are active in the industry, including several banks, captive finance firms, independents, service providers, and brokers. To date, BEFN has focused much of its attention on getting organized, including establishing a LinkedIn group, registering as a nonprofit entity, setting up bookkeeping, and establishing a website. There are several activities in the pipeline, including a planned in-person networking event in collaboration with the National Equipment Finance Association (NEFA) at its spring conference in San Diego in March 2023. BEFN welcomes those interested in participating as a member or as a sponsor to visit its website, www.befn.org.

Chad Sluss, Chief Executive Officer of the National Equipment Finance Association, spoke about BEFN and its upcoming collaboration with NEFA on an in-person networking event at NEFA's Spring Conference. "NEFA is excited about the new Black Equipment Finance Network and its mission. Several of the BEFN members are also members of NEFA and the organization's mission dovetails with NEFA's own DEI initiatives. We are looking forward to working with BEFN at our upcoming spring conference and collaborating with them on future activities."

### MMP Capital Funds $200MM+ in 2022 to Date

MMP Capital closed out another strong quarter, exceeding $75 million in funding for customers in both the second quarter and third quarter alone. The 2022 financing metrics are nearly 50 percent year-over-year compared to 2021.

In September 2022, MMP Capital announced a strategic partnership with Deutsche Bank for a $75 million secured warehouse line that has successfully helped to expand the company's balance sheet and fueled MMP Capital's rapid growth. Through this partnership, MMP Capital can keep loan management in-house, allowing MMP customers to continue working with their long-term MMP Capital repre-

# in the NEWS

sentatives who pride themselves on being available around the clock.

"MMP Capital continues to exceed our growth projections and widen the gap between its competitors," said John-Paul Smolenski, President and CEO, MMP Capital. "Two consecutive quarters above the $75M milestone is a significant achievement during a time of increasing interest rates and a recession, and I am confident we will continue to break new records as we enter our 10th year of business."

### North Mill Equipment Finance Closes $353MM Term Securitization

North Mill Equipment Finance LLC (NMEF) announced the closing of its sixth commercial equipment backed securitization (ABS), NMEF Funding 2022-B. The $353 million transaction is North Mill's second ABS transaction this year, bringing the total privately placed bond proceeds raised this year to $724 million for the year. NMEF's Capital Markets team has now raised $1.4 billion in bonds since inception.

NMEF 2022-B featured fixed-rate asset backed securities across three classes of notes with the A note split into two tranches; an A-1 money market class; and a AAA/Aaa rated tranche by KBRA/Moody's. This was NMEF's first ABS issuance to be rated by Moody's. It was also NMEF's first transaction to include all investment grade tranches.

"The transaction was well-received by institutional investors with 31 unique investors, including 12 new investors in the NMEF shelf, making it NMEF's largest ABS investor base of all time. We attribute this to the addition of a big-three rating agency with a 4 percent base case cumulative net loss assumption as well as a reduction of the base case loss assumption from KBRA from 6.1 - 6.6 percent on our last transaction down to 4.79 percent on NMEF 2022-B," said Mark Bonanno, North Mill's President and Chief Operating Officer.

Pier Snider, NMEF's Chief Financial Officer, added, "The transaction includes a $101 million three-month post-close prefunding period that gives NMEF a fixed cost of funds for fourth quarter originations in a rising rate environment."

### Tamarack Publishes Whitepaper Series on AI for Equipment Finance

Tamarack Technology introduced the first in a series of whitepapers on the application of AI in the equipment finance industry. Entitled "Dark Data: A foundation for sustaining competitive advantage," the piece is available for free download at tamarack.ai/whitepapers.

"Equipment finance companies today are flush with opportunities presented by data," said Scott Nelson, President and Chief Digital Officer at Tamarack Technology. "This whitepaper series highlights the potential that AI and automation provides equipment finance companies to differentiate themselves from the competition, make their organization more productive, and develop strategies that sustain innovation over time. AI and automation can help any organization improve their performance. These papers illustrate that and inspire digital innovation."

The first paper on "dark data" – data hidden within an organization's existing digital origination, contract servicing and accounting systems – explores how this data can be a competitive differentiator within equipment finance and how lessors can leverage it to outpace the competition.

According to Nelson, "Most of this data is dark and rarely accessed or used by management in daily operations, even though it holds the historical and transactional record of the organization and can provide insight into the success of the business strategy. The modern tools of machine learning and AI are here to exploit dark data and to improve the competitive advantage and overall business performance of organizations that decide to use it."

The subsequent two papers in the series will highlight the impact on productivity of using dark data and demonstrate how organizations can use AI to drive innovation inside their workflow.

### GreatAmerica Announces $637MM Term Securitization

GreatAmerica Financial Services Corporation announced it successfully closed its 22nd term securitization of $637 million in privately placed bonds. S&P and Fitch rated 93.4 percent of the bonds being issued at AAA, with S&P moving to improve the A+ bond rating segment to AA-. GreatAmerica has now issued $8.7 billion in bonds since inception.

Proceeds from the transaction will pay off debt from warehouse and revolving credit facilities, putting GreatAmerica in an even stronger liquidity position to support its equipment vendors.

"There is much effort by many GreatAmericans involved in successfully bringing a transaction like this to the market," said GreatAmerica Executive Chairman Tony Golobic. "The consistent and dedicated focus of our GreatAmericans continues to impress the investment community and build trust among our financial partners."

Demand was strong as investors placed orders of $1.5 billion – more than double the amount offered. Participation was highlighted by 29 unique investors, including six new investors.

### Leasepath and DataGardener Form Strategic Partnership

Leasepath announced a strategic partnership with DataGardener, a London-based provider of comprehensive business and financial data and lending intelligence tools for credit and risk professionals. Leasepath is a cloud-first Intelligent Workplace Finance Origination (LOS) and Customer Engagement (CRM) platform built for equipment and asset finance.

"Our experience of working with Leasepath was a breath of fresh air," said Robert Holland, DataGardener Chief Sales and Marketing Officer. "The Leasepath platform is so dynamic and fit for purpose, we knew we had found a team that aligned with us in creating a truly digital experience with rich data insights."

Michael Baez, Vice President of Professional Services & Customer Strategy at Leasepath, recognizes the value that working together will bring. "Developing a partnership with DataGardener is a great step to delivering business intelligence to our customers that allows for much deeper insights to help grow their business. DataGardener brings strong capabilities that provide for robust customer segmentation and the ability for our customers to target new markets."

"We are eager to leverage the Leasepath platform with DataGardener to disrupt how UK equipment finance businesses use rich data to make smarter decisions and build deeper relationships," said Jeffrey Bilbrey, Leasepath CEO.

Going forward, Leasepath and DataGardener will continue to enhance and expand their integration capabilities, rolling out new features through Leasepath's free quarterly updates. Leasepath users can connect with DataGardener immediately to begin using their Company Credit Reports, as well as Company and Director search capabilities directly from Leasepath. Driven by the Microsoft Power Platform, the relationship is one that further proves the extendibility of the fully digital, cloud-first Leasepath platform. With its highly configurable architecture, integrations that once took years can be added in much shorter time frames and with less effort and cost.

### QuickFi, Great American Insurance Group Launch API-Enabled Insurance Solution

QuickFi and Great American Insurance Group launched an API-enabled insurance solution fully integrated into QuickFi's 100 percent digital equipment financing platform, which is used by banks and global equipment manufacturers to finance equipment at the point of sale. The Great American–QuickFi integration provides instant, 24/7 protection for business equipment buyers at the point of sale.

QuickFi's platform provides banks and manufacturers with the ability to provide self-service business equipment financing accessible from anywhere, at any time of the day or night. An API-enabled solution from Great American allows customers to select and activate equipment protection at the point of sale in a self-service application. The Great American integration on the QuickFi platform greatly improves and expedites the equipment acquisition experience.

"Great American Insurance Group is a leader in equipment finance insurance and we are delighted to work with them to develop an entirely new, borrower self-service protection option for small and medium business (SMB) borrowers, at the point of sale," said Bill Verhelle, QuickFi CEO. "The Great American-QuickFi platform provides SMB borrowers with the most transparent, nearly-instant, financing and protection offerings available anywhere," added Verhelle.

"QuickFi's innovative approach to self-service equipment finance aligns well with our API capabilities," said Ken Schneider, Divisional Senior Vice President, Great American Specialty Equipment. "Providing an option to protect the equipment and meet insurance requirements through an easy, embedded protection program increases transparency and efficiency without jeopardizing the speed of the transaction."



## CERTIFIED LEASE & FINANCE PROFESSIONAL FOUNDATION

**CLFP Foundation Adds 25 CLFPs, Reaches 1,200-Member Milestone**

The Certified Lease & Finance Professional (CLFP) Foundation announced 25 individuals who recently sat through the eight-hour online proctored CLFP exam, passed. The newest members are:

- Katherine Baker, CLFP – President, MC2 Finance
- Karla Beran, CLFP – Legal Supervisor, Amur Equipment Finance
- Christopher Bough, CLFP – Senior Account Manager, Amur Equipment Finance
- Kyle Boysen, CLFP – Controller, Amur Equipment Finance
- Zachary Burghardt, CLFP – Senior Account Manager, Amur Equipment Finance
- Logan Dickey, CLFP – Financial Accountant, Amur Equipment Finance
- Joel Freebersyer, CLFP – VP of Finance, MC2 Finance
- David Gernhard, CLFP – Vice President, Credit & Collections, Transport Enterprise Leasing LLC
- Richard Griffin, CLFP – AVP, Equipment Finance Sales Executive, The Huntington National Bank
- Jared Goldberg, CLFP – Director of Business Development, Kalamata Capital Group
- Christopher Little, CLFP – Vice President and Senior Relationship Manager, The Huntington National Bank

- Carol Maurer, CLFP – Business Development Manager, The Huntington National Bank
- Benjamin Mussehl, CLFP – Leasing Sales Team Lead, Compeer Financial
- Claire Nelson, CLFP – Senior Credit Analyst, Amur Equipment Finance
- Trevor Petersen, CLFP – Credit Analyst, North Mill Equipment Finance
- Megan Reigstad, CLFP – Business Relationship Manager I, Financial Pacific Leasing, Inc.
- Christopher Rooney, CLFP – Vice President/Relationship Manager, The Huntington National Bank
- Melanie Rudiger, CLFP – Vice President Operations, The Huntington National Bank
- Shelby Schut, CLFP – Usage Portfolio Administrator, Stryker
- Rema Shamon, CLFP – Vice President, The Huntington National Bank
- Zachary Shiffman, CLFP – Vice President, The Huntington National Bank
- Ricardo Small, CLFP – Executive Vice President, Director, Cadence Bank
- Michelle Speranza, CLFP – SVP, Chief Marketing Officer, LEAF Commercial Capital Inc.
- Stacie VanBibber, CLFP – Collection Manager, Amur Equipment Finance
- Whitnee Yager, CLFP – Manager, Funding, Amur Equipment Finance

Baker attended the ALFP in Cincinnati, OH hosted by Great American Insurance Group and said, "I have been involved with the AACFB for several years now and noticed that many of my well-respected peers in the industry had the letters CLFP behind their names. I was always curious about the meaning of those letters. When I learned that CLFP stood for Certified Lease & Finance Professional, I became very eager to earn the respectful designation as well. I wanted to be recognized in the finance and equipment leasing industry as someone that was both knowledgeable and a person of character. After reading the book, taking the course, and passing the test, I have a whole new understanding and respect for those letters and their true meaning. I now understand that they represent experience, wisdom, education, perseverance and character. I haven't taken a test in many years, and I was very nervous about passing at my age. I am so thankful that I trusted in God to provide me with the strength and tenacity to get me through this and he did. I am so excited to join my husband Joel, also a new CLFP, and get to know the rest of the CLFP family which we will treasure for years to come."

The CLFP designation identifies an individual as a knowledgeable professional to employers, clients, customers, and peers in the commercial equipment finance industry. There are Certified Lease & Finance Professionals and Associates located throughout the United States (including Puerto Rico), Canada, India, Africa and Australia.

**Please send your company's news items to mdickinson@advisorpubs.com**

# NEWSLINE PICTORIAL

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# Four Cs of Managing Risk Through Growth

*Managing both growth and risk is critical for any finance company seeking to expand beyond their traditional product and service offerings. The key is preparation for unexpected storms.*

**By Daryn Lecy**

**Daryn Lecy, CLFP**
Oakmont Capital Services

The availability of capital during recent years has been incredible, and demand in general has not disappointed, which led most banks and finance companies to records in growth and profitability. An argument could be made that one really had to try hard not to grow recently.

Growth for the sake of growth by an equipment finance company is not always good, but growth driven by a well-thought-out strategic plan is something to celebrate. With a well-thought-out plan and careful attention to risk management, growth is extremely exciting and can be sustained. On the contrary, if a company focuses on growth for the sake of growth and pursues too many opportunities at the same time or chases some that are too far from their core focus, they could easily overextend themselves and get tripped up. If this happens, the excitement of growing could fade very quickly and cause heartache.

Very similar to how our credit departments use the Cs of Credit when analyzing credit applications, there are four Cs of Managing Risk while a company grows. The first of which is Credit. What is the current profile of your customer base and vertical markets in which you are established? How similar or different are the credit profiles of the products or industries you are looking to enter or expand? Are you an investment grade lender looking to add start-up profiles in a new industry that you have limited to no experience in? Obviously, this is a situation where you will need to do much research and due diligence to strategically enter a market so starkly different. Conversely, if you have extensive experience and knowledge within a particular industry and are looking to add a complimentary product within that same industry, you are much more aligned for success. In this example, while the product and terms could be very different, you are simply learning some new variations to provide a solution to a well-known customer base and industry. While you can still stub your toe on any growth opportunity, make sure you enter with detailed policies and procedures and cohesive execution by all departments within your company. Of course, make sure to price the new venture for the risk that is present or likely a bit more conservatively – as not all risk is known in a new

rollout. If there is too much risk and too many unknowns, you may want to do as a wise Chief Credit Officer once told me, "Stick to your knitting," and not take on the new venture.

Capital, which as of late has been easy to obtain, is not endless or without its own risks. Have you carefully analyzed the amount of available capital to pursue this new line of business or product? Will the use of capital for the new venture put any strain on your current funding model? At what cost does the additional capital come? Do you have any leverage metrics to maintain? Make sure to carefully prepare a model to project how the planned growth will impact your capital, your spreads and your bottom line. While not always true, there is the likely potential that a new venture will be a drain on cash flow and earnings while you establish enough volume and efficiency to make it profitable. How long can you sustain any projected losses or strains on cash flow? You might not have 100 percent of the capital needed at the moment, but with realistic modeling, will you be able to secure it as needed and do the numbers support moving forward?

If the credit and capital risks are manageable, how about the capacity to take on this anticipated growth? Capacity, not in the form of cash flow, but in the form of operational capacity, is essential. Do you have adequate staff and the appropriate software and technology to execute, if you move forward? In the tight labor market, we are living in today, the ability to attract and hire any personnel, much less the necessary qualified staff, may be difficult. Are there current employees that instead can cross-train or transition into the new venture to provide the staffing you need without disrupting the workflow and workload of their existing team? One of the quickest ways to lose employees is by burning them out due to understaffing and failing to reconcile the shortages. Make sure you have or can bring on adequate employees to support the venture, if necessary. Will the new venture be able to be originated and serviced through your existing software platform or through any technology partners you currently have? If your answer is no, does it require a separate system or an enhancement to your current platform? The next questions would then be: How much does it cost to complete the enhancements? How long will that take? Does that align with your anticipated rollout? Is there an expiration date on the opportunity or a time at which it is less lucrative; and do you still move forward? If you need to purchase the software, how many vendors do you need to vet to get comfortable with a potential partner? How much will the software cost, and how does that affect your projections? Most likely the largest factor is what is the timeline to go through: fact-finding, demos, due diligence, contracts, discovery, and implementation and testing. When it comes to adding software, you should keep this simple reminder in mind: First borrow, then buy, and lastly build anything new to save money, time and hassle.

Competence is perhaps one of the most important considerations in strategic growth. Competence includes industry experience, knowledge you can gather, and technology you can use to bring efficiency and risk mitigation. What industry experience do you and/or your team already have that can be relied on, or what talent is available for you to onboard to help develop your policies and procedures or even lead the new venture? What industry contacts do you have, or can you be introduced to, that can share similar moves in their past… good, bad, or otherwise? A very key consideration is: Are you willing to hear what they have to say? And worse yet, be willing to adjust your route, no matter if it casts an unfavorable light on what you are likely very excited to pursue. It is prudent to learn from those that have gone there before us, but we must be willing to openly consider their advice and experience and give it careful consideration to weigh for or against any preconceived notions or momentum we have to move forward.

Make sure to research industry resources, white papers, news articles, performance metrics, etc., to fully complete due diligence and perform a SWOT analysis of your Strengths, Weaknesses, Opportunities and Threats as you embark on this voyage. Lastly, with the extremely broad range of technology available in our industry to automate, eliminate, outsource, or authenticate; what should you use to make the process easier or safer? The risk of fraud is greater in our industry than ever, and it is a daily risk. This daily risk gets compounded when you expand your business, with potential strain on your capacity and with an expansion to your credit appetite. Until you are seasoned in this venture, the risk of fraud is even greater. And while it will never go away; what tools can you implement to mitigate the risk? The more you can utilize electronic commerce to underwrite and execute any transaction, the much more secure your processes will be. Will the opportunity support electronic signature after valid ID verification? Can you use a partner to automate the ID verification both at application entry and documentation presentment? The answer is a definite yes, but does your opportunity and potential client base support it? If you are working with titled vehicles, have you researched the ability to utilize electronic notary to complete any POA or other notarized documents? If you can use e-notary in the process, you will benefit greatly from the efficiency it creates, along with reducing fraud, by tightening up the process, all the while making the customer experience much smoother. Are there other tools you can use to enhance your competence and ability to execute effectively and efficiently? It's amazing what is out there to help if you look for it!

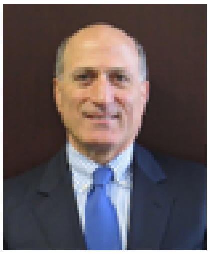
Companies that have shown the ability to grow may have carefully analyzed all the Cs and feel very comfortable with two to three of them but have some uncertainty within the other C categories. Yet, they still push forward. With any new venture, there is risk, and if all opportunities always checked all the boxes for a safe, hard-to-lose possibility then of course everyone would do it. There is a reason that outside the recent years of economic and enterprise growth not everybody grows; they haven't been willing to take the perceived risk. A company that has done their homework, knows the risk involved, yet moves forward; has stretched themselves to learn and perform in conditions they can't 100 percent predict, but that's what makes the growth that much more fulfilling! The famous saying by William G.T. Shedd sums it up well, "While a ship is safe in harbor, that is not what ships are for." Calm waters cannot be counted on, but if you can make the right preparations to take on whatever rocky seas might come your way, barring any unpredictable treacherous storms, you should be able to keep the ship afloat and reach your next destination with the feeling of success and desire to take on the next voyage!

**ABOUT THE AUTHOR:** Daryn Lecy, MBA, CLFP, is the Chief Operating Officer of Oakmont Capital Services.

# M&A Outlook Part Two — Bank-Ready: It's All About an Affirmation of Confidence

*In part two of his M&A Outlook, Bob Rinaldi provides a primer for business leaders and companies considering a sale to a bank as part of an exit strategy.*

**By Bob Rinaldi**




**Bob Rinaldi, CLFP**
Rinaldi Advisory Services


*Bank-ready* is the term we use to measure the strength of an equipment leasing and finance company: A litmus test to determine if it can attract interest from financial institutions and pass the scrutiny of a bank's due diligence before, during and after a sale process.

At its core, bank-ready is an exit strategy acknowledging that a bank will be an independent equipment finance company's most likely exit partner. Bank-ready is the end state of the process that prepares a lessor to attract more than one suitor and shine during the deep due diligence that regulated institutions will perform on your company.

### Why is Your Company's Bank-ready Posture Important to Banks?

Selling your company is like selling any product, but first you need to know if your product fills a need or want of a sufficient number of buyers. The answer to that question for an equipment leasing and finance company is an unequivocal "yes."

The next step to being successful at selling a product is putting oneself in the shoes of the buyer—in this case, a regulated financial institution like a community bank.

### The Bank's Perspective

An ideal buyer, one that can justify paying a premium, is a bank that is not currently in equipment finance.

While that's good for the seller, the downside—and here's a key point—is that the prospective buyers are learning about the seller's business and the industry. Once the bank CEO has decided that there is an interest in your company after reading a high-level company overview (called a "teaser"), they assign a team to review the acquisition potential further. It is imperative that you understand something! Right off the bat, this team of bankers is afraid of the unknown and of making a mistake. They mostly don't know what they

don't know. In many instances, they aren't even sure what questions to ask.

A seller that understands this and provides an overabundance of data, with narratives about all facets of their business model, reports and explanations, will likely provide a calming influence. They will instill confidence in the acquisition team. After all, these team members will have to put their seal of approval on melding your company into theirs. They are worried about losing their CEO's confidence or, worse if the deal turns out to be a lousy foray for their bank. This concern is mostly fiction since I cannot think of a community bank's acquisition of a leasing company that was indeed a bad deal. But this perception becomes the bankers' reality since they have little experience in our industry. If the entire team is not onboard and feeling confident, the CEO will likely not move forward. If they do and it doesn't turn out to have been a good investment, the CEO risks losing the board's confidence, followed by being raked over the coals by the bank's board of directors and their myriad regulators. The bank's acquisition team will then lose the CEO's confidence in them. Confidence lost is not quickly regained, if ever.

The above scenario might sound melodramatic, but this is precisely what putting yourself in the bankers' shoes is all about. Anticipating and addressing the concerns before going to market will usually result in an efficient and successful exit. Remember, it all centers around confidence.

Back to bank-ready. All facets or components of the leasing company ideally should be bank-ready. Specifically:

- The principals/owners
- The management team
- Policies and procedures
- The scalability of the business model
- Historical financial data
- Historical business activity data
- Quality of earnings
- The technology stack

These components represent what is referred to as "the platform," and is what an ideal buyer will find most valuable, permitting it to pay a significant premium. Each component has its own set of requirements to be considered bank-ready.

We will just take one component as an example. The principals or owners are the starting point. Are the principals mentally prepared to sell the business they birthed and raised? It requires sincere introspection that is difficult to do without a trusted outside advisor's probing questions.

So, let's say the principals are comfortable with an exit at some point. The next question is: When is the right time to exit? Most exits require some length of earnout wherein the principals must stick around, usually between 24 and 36 months from the date of exit.

As stated above, this was an example of just one component of exit strategy planning. The other components are equally as important. Getting into a bank-ready posture is a process that can take up to two years or more. Ideally, the preferred timeline for the principals' sale date coincides with its bank-ready state. It is like choreographing a dance; as such, it takes effort.

**ABOUT THE AUTHOR:** Bob Rinaldi, CLFP is the President of Rinaldi Advisory Services.

# Embracing Challenges and Breaking New Ground as Leading Women in Equipment Finance

*The road to success has many twists and turns.* Newsline *met with four leading women in the equipment finance industry and asked them to share their personal and professional experiences as they worked toward becoming leaders in the industry. In this roundtable discussion, we learn how these women started in the industry, the challenges they faced climbing through the ranks, and they also share some personal advice for women seeking leadership positions. We thank Cindy Fleck, Valerie Gerard, Theresa Kabot and Bette Kerhoulas for their participation.*

**Newsline**: How and when did you start in the equipment finance industry?

**Cindy Fleck**: My finance career began in 1990 and I've remained in the industry for over 32 years. My first position was an internship at The Manifest Group entering credit applications via thermal fax machines at our office in Marshall, MN. It was part-time while earning an Accounting and Business degree from Southwest State University. After graduation, I accepted a full-time position with the credit & underwriting department and worked my way to become a team lead of 12 underwriters. Brad Peterson, then Director of Sales, encouraged me to consider sales and I ultimately took a Regional Sales Manager role. I spent the next 11 years working in a variety of sales and marketing positions, eventually holding responsibility for the western U.S. as Director of Sales – US Bank Manifest Funding Services. In 2009, I joined Channel's inaugural team that launched the working capital product to third-party equipment finance companies. My passion for the equipment finance product, however, led me to take an opportunity at GreatAmerica Financial Services focused on diversifying their business beyond copiers. We established a Specialty Markets division that grew a portfolio in the automotive repair, construction and healthcare sectors. After nine years at GreatAmerica, including three as Vice President of Sales, I made another change with a brief detour into the software space. Brad reached out once again though with an unpassable opportunity to return to Channel as Senior Vice President of Equipment Finance, charged with developing the product offering for third-party equipment finance companies that launched in 2019.

**Valerie Gerard**: I commenced my career as a classically trained commercial banker at The Irving Trust Company. My whirlwind of a first year included working on hostile takeover defense strategies and lending to securities and commodities firms during the Black Monday crash of 1987. These two experiences gave me an appreciation for crisis management and the importance of clear communications. Three years later, my journey into equipment finance began when I ran the Finance and Leasing Company ratings group for Fitch. There I learned about the industry, the different business models employed, the importance of strong funding, equipment lifecycles, residual values and, of course, lease accounting. Being a rating agency analyst afforded me access to executive leadership teams and, by extension, invitations to speak at a variety of ELFA events. Eventually, Tom Wajnert, then CEO of AT&T Capital, lured me to the "corporate side" as head of Investor Relations to guide this newly public entity in finding its footing in the equity markets.

**Theresa Kabot**: After completing university, my first job was at a Pitney Bowes subsidiary named Colonial Pacific Leasing (CPL). At the time I was unfamiliar with equipment leasing, however I was eager to learn and fortunate to land with a company that had a strong foundation in training and education. I worked at CPL for five years and was promoted each year, beginning in the operations department, and quickly moving into broker services and then sales. For the last 20 years, I have operated my own brokerage and have evolved into being a lessor as well.

**Bette Kerhoulas**: I started my career after college in the early '70s, working as the executive secretary to the manager of an equipment financing/leasing unit at General

**Cindy Fleck, CLFP**
SVP / General Manager of Equipment Finance Channel

**Valerie L. Gerard**
Co-Chief Executive Officer and Practice Leader for Strategy & Competitive Alignment
The Alta Group

**Bette Kerhoulas, CLFP**
Managing Director
Pacifica Capital

**Theresa Kabot, CLFP**
Founder
K2 Funding
Kabot Commercial Leasing LLC

Electric Credit Corporation. After a year, I took a hiatus to start my family. In 1982, I interviewed with a boutique equipment leasing company in Newport Beach, CA. They had just formed a business unit to partner with independent banks, setting up relationships that would allow solicitations to the bank's commercial customers. I took the position as head of the bank referral program and started walking into banks. Please note, most banks at that time, especially independent ones, had no lending or leasing programs for their commercial clients. So, it was in the banks' best interest to have a referral program with a reputable leasing company to keep their commercial customer's happy, as well as earn referral fees. After a year, I decided to partner with a female colleague and move to a captive leasing company in the telecommunications industry. Telephone systems had just been deregulated, so commercial entities finally had the opportunity to purchase or lease telephone systems instead of renting them. Our job was to sell financing/leasing to the vendor's customers, as well as set up discounting relationships with banks and independent lenders. After several months, my female colleague and I decided to start our own financing/leasing company and try to make it on our own. That was in 1984 and Pacifica Capital was born, first working out of my kitchen and then moving to office space. I oversaw everything having to do with operations, credit, documentation, and lender relations – and my partner was mainly doing sales. Pacifica was initially just the two of us; it grew to nine women within 18 months. To my knowledge, we were the first all-female finance/leasing company in our industry. Within a few years, I bought out my "partner" and brought on a new minority partner, Tony Sherwin – the first male in our company! Over the next three decades, Pacifica went through many changes, growing to 40 employees and fast-forward to the present day where we're back down to a smaller boutique leasing company. My daughter, Amy Spragg, is my partner and operates the company on a day-to-day basis. She has been with Pacifica for many years, starting as receptionist and then growing into management positions.

**Newsline**: How would you describe the "landscape" for women when you first started in this industry?

**Fleck**: I feel fortunate that I've had tremendous female role models across nearly every environment I have worked in, leaders like Kari Peterson and Mary Jane Lindholm at The Manifest Group. As a young professional, however, female representation in "customer-facing" roles – were very different accross the industry than they are today. My early years included many customer-incentive trips where I was the only female in a group of over 30 people. Despite this, I've never felt treated differently based on gender and I've always appreciated that. I feel confident that my colleagues and peers have always based my value on my professional experience and skill set which I reciprocate in return.

**Gerard**: Let me take you back to the late 1980s/early 1990s when floppy silk bow ties, pearls and pinstripe suits were de rigueur for women. Banking and finance were very much male-dominated with few females in executive leadership roles. Women tended to succeed in Human Resources or Public Relations. Thinking back to my rating agency days, only a handful of female executives either led or represented their companies. The woman who stands out is Donna Zarcone, then the Chief Financial Officer for Harley-Davidson Financial Services – she eventually became its President and Chief Operating Officer. I remember thinking she was a rock star for having leadership responsibility in what was then a quintessential male-oriented brand. When I joined AT&T Capital, the gender tables turned as several women held senior executive positions: Ruth Morey, Gerri Gold (now at HPE Financial Services), Ann Henry (retired from Cisco Capital) and Judy Pfister. AT&T Capital was an early adopter, if not pioneer, of what is now called Diversity, Equity & Inclusion.

**Kabot**: CPL was ahead of the curve; operations was divided into east and west and we had a woman running the east. Over in sales and marketing, the Vice President was a woman, her sales managers were one woman and two men.

That woman in sales was Kay Lee and she took me under her wing and showed me the way. She took me to my first UAEL (now NEFA) conference and taught me how to network.

**Kerhoulas**: Our industry was male dominated in the '70s, '80s and '90s. Women could hold administrative positions, but it was tough to get into sales, and difficult to be in management or become an owner of a company. Industry associations were also run by males — there were very few women elected to association boards in the '80s and '90s.

**Newsline**: How did you position yourself for a leadership position?

**Fleck**: I never consciously worked to position myself for leadership. Instead, I've followed my passions relentlessly believing that if you love what you do, leadership and success easily follow. Luckily, the people I've worked for and with, both men and women, have been incredibly encouraging and supportive. I think great leaders are those who seek out and welcome feedback with an internal desire to constantly evolve and improve… and perhaps keep a good stack of self-help books nearby! I'm unafraid to speak up or share ideas and have leaned into opportunities, even if I'm not 100 percent confident I have it all figured out. These behaviors have contributed the most to my professional growth and career success.

**Gerard**: In all candor, I was selected for leadership more than I positioned myself for it. Being a firm believer in keeping a steep learning curve enabled me to push boundaries and embrace challenging assignments. What captured the attention of those who placed me in leadership roles was my work ethic, my ability to think creatively – knowing when to bend the rules, my skills at translating complex information into digestible concepts and, of course, my executive presence. Exuding the self-confidence to tackle unfamiliar territory and deliver results was probably the biggest secret to my leadership success.

**Kabot**: Taking advantage of the continuing education opportunities offered at your company, in your industry and community are a great way to position yourself as an up-and-coming leader. At CPL they offered to pay for university level classes, and I took advantage of that opportunity by completing college level business classes. At the time, I remember my manager being skeptical at first when I asked him to sign off on the requisition, however, in the long run it turned out to be a big plus. Soon after, the company was putting me through train-the-trainer courses and sending me on the road to train their TPOs on everything from credit development and sales to data entry in their portal. Another way to set oneself apart as a leader is to network with all departments in the company, not just your own. Find out if you can spend a day sitting at the desk of a collector, a customer service rep or underwriter. Don't be shy and wait for the suggestion to cross train, step up on your own and ask. If you finance trucks, find out if you can spend a day in the cab with a driver.

**Kerhoulas**: I didn't intentionally "position" myself into a leadership position… I just jumped in with both feet!

**Newsline**: As you progressed through your career into a leadership role, what have been some of the most memorable challenges/hurdles you have faced?

**Fleck**: There have been many memorable challenges over the years that, once solved, had a significant impact on my professional development and growth. At GreatAmerica, I worked with a team to establish our brand presence in the construction space. We were an industry unknown, but through creative strategies and meaningful relationship building, in our second operating year we could not walk a trade show without attendees knowing who we were and inviting conversation. Our efforts delivered success beyond our goals – a truly rewarding experience. In another example, a competitor acquired our largest customers and, while difficult at the time, overcoming issues like these enhances your professional experience and adds to job satisfaction. And, of course, there is constant navigation through change as our industry continuously grows, evolves and adjusts through economic shifts over the years.

**Gerard**: My most memorable challenges were those when I was in unchartered territory, inventing the rules as I went along. At Fitch, my first major project was to create a risk-adjusted capitalization model for the finance and leasing industry. As the very first of its kind, this model revolutionized how rating agencies evaluate capital adequacy. Leading CIT's post-Tyco IPO in very choppy market conditions and winning a resultant shareholder lawsuit – a rare victory for a public company – is another.

**Kabot**: One of the biggest challenges early on in my career was not only being a woman, but also my youth. I recall one of my first business trips having to fly into New Jersey because you had to be 25 years old to rent a car in New York or Connecticut. I think we can all be honest with one another when we say there can be a negative bias toward youth, with some people thinking you might be lazy, flaky, unreliable, etc. So, to the young ones out there, prove them wrong. We know you have fresh ideas and are innovators – show everyone what you can do!

**Kerhoulas**: Coming from the position of a business owner, my challenges have centered around (1) relationships and (2) accountability/integrity. First, when you have partners, it's key that you share the same business goals. And often those will change over time, so honest communication and a clear direction are paramount. Second, a business owner must be beyond reproach when it comes to accountability. In 2001, Pacifica received a large California State Sales Tax bill. It centered around double taxation pertaining to contracts assigned or discounted to banks/lenders. It took me a year, trips to Sacramento, meetings with State Lobbyists, etc., but in the end, Pacifica prevailed and set a sales tax precedent for our industry by being accountable, working with integrity, honesty and goodwill.

**Newsline**: Were there any mentors you worked with and if so, was there a major takeaway for you from your mentor(s) that has positively impacted your career?

**Fleck**: Mentorship was not as formalized when I was coming up in the business, but I always had great leaders who positively influenced my sales approach and ability to manage others. The key is to be coachable; not defensive. Brad Peterson was the first to believe in me and encouraged me to do the same for myself.

**Gerard**: Mentors didn't exist in the way they do today when I started my career. The singular best advice I got was from Charles Van Sickle, a Vice Chairman at AT&T Capital. Our offices were next to each other, so we often spoke at the end of every day. One afternoon, out of the blue, he said to me, "You're too conservative and need to learn how to take risks." That weekend I went skydiving for the first time. When I showed Charles the video on Monday, he joked, "I meant take smart risks!" The spirit of that lesson shaped much of my career success.

**Kabot**: One of my first mentors was the President of CPL, Jim Merrilees. Jim was and still is an exemplary leader. He was always in the halls and talking with everyone, sincerely interested in what you were doing and how things were going. Once we were standing in the ticket line at the movies and I saw Jim and his wife, however, I was too shy to say hello. He came over, greeted me by my name, and introduced himself to my boyfriend. It's the little things you do for people along the way that can have a far-reaching impact, more than you may ever know. My boss over in sales was Ted Brownrigg. Often, he would read an article, circle it, throw it in my inbox with a sticky note that said: "What are your thoughts?" He did this with our entire team. Then we would go into his office and discuss. "What are your thoughts?" is a powerful phrase coming from someone to whom you report. I use it to this day, and anyone can. It goes both ways whether you are talking to a colleague or your kids. Don't forget to listen closely to the answer.

**Kerhoulas**: I was fortunate enough to become friends with a small group of women holding various industry positions within our industry. We mentored each other and would try to meet quarterly and dialogue about the challenges we faced within a male-dominated industry. Women from this group were among the first elected to association boards and through peer encouragement, rose within the ranks in their companies and have been instrumental in encouraging other women to enter the equipment financing field.

**Newsline**: What advice would you give to other women seeking to advance to leadership positions within this industry?

**Fleck**: Don't overcomplicate things. Follow your passions and surround yourself with collaborative people you can learn from. If you enjoy what you do and who you are working with, it's easy to be motivated and success is an inevitable result.

**Gerard**: Find your advocate and learn from her (or his) experience. Develop your female network. Then practice these five traits at the backbone of my leadership success:

- Let your strengths empower you; trust your instincts and stay true to your values.
- Have the confidence to take risks but be strategic about doing so.
- Whether answering the phone or joining a video call, start with a smile. Being approachable matters.
- Keep a "victories" file to remind yourself of your successes and inspire new ones.
- Act with grace, humility and, most of all, humor.

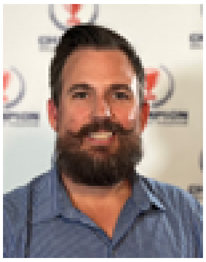
**Kabot**: To all the women out there who are looking to promote their leadership positions: We know how to get things done but remember, we can't do it all. It's OK to ask for help and delegate, and if you don't feel comfortable doing this, it might say something about your environment. Most of all, we ladies need to stick together and build each other up.

**Kerhoulas**: My advice: be confident, work harder and smarter than your peers, and be yourself. Women should get involved in the associations, attend ladies' luncheons, become CLFPs, and surround yourself with hard-working, positive people.

# Finding Middle Ground – Assisting Equipment Buyers in a Challenging Market

*Equipment buyers not only struggle with the equipment purchase decision, but also the equipment finance decision. Proactive lenders that assist borrowers in finding this middle ground can stand out among the competition.*

**By Elvis Anderson**



**Elvis Anderson**
Champion Equipment Finance

Whether it's truck, trailer, equipment or Friday night steak dinner with the better half – everyone loves a good deal. We all want to know where to get the best bargains, fairest financing rates and finest selection. But perhaps what equipment buyers want most is to avoid a bad purchase or lemon. Unethical equipment brokers and shady lenders try to keep this a secret, but equipment buyers call the shots. Intelligent consumers minimize risk by planning ahead and leaning on an age-old adage, "If it's too good to be true, it probably is."

Questionable equipment salespeople always have, and always will feast on the desperate. Like a boxer with their opponent on the ropes, a dishonest equipment dealer can sense a buyer in trouble. When there's blood in the water – the sharks will swim, and risk management for consumers is rooted in preparation.

Equipment buyers that get the best deals on equipment are the best at financial housekeeping. They monitor and maintain 700-plus credit scores, pay bills on time, are homeowners, have established LLC's or corporations, separate personal and commercial credit and expenses, maintain clean bank statements with high balances and avoid overdraft fees.

"Used equipment prices are coming down from where we were six months ago, but new equipment is still going up," said Jerry Lundgren, partner, American Logistical Concepts. "I help folks reduce truck purchase risk by doing oil analysis tests, have mechanics inspect the vehicle and request history reports because here's the sad truth, 60 percent of owner-operators are put out of business if faced with a $20,000 engine rebuild," Lundgren added.

### Good Rates, Fair Deals and Satisfactory Inventory Rarely Happen at the Same Time, and It's Okay

Equipment buyers are always looking for the market sweet spot when interest rates are good and equipment prices are fair. These key buying factors connect like Halley's Comet which isn't often. Back on November 2, The Federal Reserve

> Equipment buyers are always looking for the market sweet spot when interest rates are good and equipment prices are fair.

concluded its seventh of eight 2022 meetings. Chairman Jerome Powell announced a 75-basis points rate increase for a fourth straight time, but it was inflation that dominated the press conference.

"My colleagues and I are strongly committed to bringing inflation back down to our 2-percent goal. We have both the tools that we need and the resolve it will take to restore price stability on behalf of American families and businesses," said Chairman Powell. "Price stability is the responsibility of the Federal Reserve and serves as the bedrock of our economy," he added.

The Federal Reserve interest rate is at 3.75 percent to 4.25 percent and Chairman Powell suggested more hikes are coming, but what does this mean for business owners looking for reasonable deals on equipment?

"The majority of my clients are good credit guys and accustomed to prime commercial credit rates and terms, but my guys that were getting 5 percent back in January are getting 6.5 to 7 percent now," said Marcos Silva, founder, Champion Equipment Finance. "I've seen rates go up, but good rates and terms are still available and it's not so bad that I would discourage my prime credit clients from expanding their fleets," Silva said.

Interest rates are going up and it appears they will increase again when the Fed meets again in December. More than ever before, good credit is essential to get a manageable loan. Poor credit is temporary and can be repaired with discipline, a plan and perhaps the help of a credit repair specialist.

"We had a gentleman call our office three months ago interested in a commercial loan to buy a used truck, but he had a 606 credit score. Some lenders will consider this score, but the rates and terms are brutal. I wouldn't take on a loan like that, so we suggested credit repair which is what he did and three months later he came back with a 749 score," Silva added.

The good news on inventory is that prices are coming down on used equipment. The bad news is that new equipment prices are already high and are going even higher.

"New equipment prices are still going up because production is lagging. And used prices are falling because of reducing sales and rising fuel costs. Also, the same overseas production challenges that are driving new equipment prices are preventing goods from coming over, which means the need for hauling isn't there," said Lundgren. "It's a bad Catch-22 for consumers," he said.

**Lenders Can Assist Equipment Buyers in Attaining the Best Financing Arrangement**

The commercial lending industry is built on risk management – it is the alpha and omega of the space. The risk management checklist includes the usual suspects: credit score, time in business, home or land ownership, timely payments and bank statements.

But can lenders do more? They can, by helping equipment buyers find a financing structure that meets their unique financial needs and providing an honest and clear answer to credit requests.

There are two types of lenders – reactive and proactive.

Some plow through the loan process and request information from the borrower as needed such as: "By the way, we're going to need your last three months of bank statements," or "One more thing, we'll also need your last three tax returns," and "Also, can you provide proof that your business is at least five years old?"

Others prepare the borrower in advance with a list of necessities such as bank statements, tax returns and time in business documents.

Some beginner lenders struggle to relay bad news or confront challenges in a deal. But tackling business problems should be done swiftly and aggressively.

Risk management is much like all aspects of business – it leans on a timeless adage, "Fail to plan, plan to fail."

**ABOUT THE AUTHOR:** Elvis Anderson is an Analyst and Marketing Manager with Champion Equipment Finance.

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**OUR MISSION:** The mission of National Equipment Finance Association (NEFA) is to cultivate the growth of its members in the commercial equipment finance industry by providing networking, collaboration, and the exchange of impactful knowledge.

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- Valuable Networking Opportunities
- Outstanding Education
- Quarterly virtual NEFA Newsletter
- Enhanced Partner Program sponsorship opportunities
- Member discount programs
- Downloadable Membership Directory
- Community
- Industry leading virtual content featuring nationally respected speakers

To get involved, contact Hannah Kroll at hkroll@nefassociation.org

NEFA
National Equipment Finance Association

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## NEFA EVENTS CALENDAR

**Ice Fishing on Lake Minnetonka**
February 9, 2023
Wayzata, MN

**2023 Finance Summit**
March 22-24, 2023
Intercontinental Hotel
San Diego, CA

**2023 Funding Symposium**
October 4-6, 2023
JW Marriott San Antonio Hill Country Resort & Spa
San Antonio, TX

# PASSING THE BATON: Taking Stock of the Past Year and a Look at What's Ahead for NEFA

Newsline *spoke with 2021-2022 President Jim Jackson and his newly elected successor Adam Peterson for their views on the past year and what 2023 looks like for the association.*

The past year was solid for the industry even as it has faced new challenges, such as rising rates and inflation. Indeed, NEFA enjoyed a year of strong growth with enhanced attendance and benefits for members. One thing that remains strong is NEFA's members willingness to work together to bolster the association.

Jim Jackson, who is Immediate Past President of NEFA and serves on the Executive Committee, recently handed the presidency of the association over to Adam Peterson, who joined the association in 2009 and served as Treasurer in 2021-2022.

Jackson is Co-Chief Executive Officer at The Alta Group and Leader of its Merger and Acquisition Advisory Practice. He had been in the equipment finance industry for many years before joining NEFA.

"I can still recall that despite not knowing many of the association members or the executive director when I joined, just how welcoming everyone was. There was a sense that you were part of the family and everyone was approachable if you had a question or wanted a warm introduction to someone you had never met," Jackson said. "In 2017, I decided to run for a board position so I could continue to foster that environment for others and try to give back to the industry in some small way."

Peterson joined NEFA in 2009, the same year Channel was founded.

"The association was instrumental in those early years to help us grow relationships and evolve our business into what it has become today," Peterson said. "In 2017, I felt compelled to be more active in the association and motivated to help others have a similar experience that we were fortunate to have at Channel. As part of the board, from the beginning through today, I've had the privilege to work alongside some of the most talented folks I have met in my career."

**Jim Jackson**
The Alta Group

**Adam Peterson**
Channel

*Newsline* asked Jackson to reflect on his year as President of NEFA and to share his thoughts on the association's top accomplishments during his term.

He explained that prior to his becoming President, the association invested heavily in updating NEFA's technology platform and website as it was still reacting to the lingering impacts of the pandemic.

"In late 2021 and 2022, we shifted our focus to identifying short-term goals and objectives designed to add value to the association in an effort to grow our membership," Jackson said. "The board was divided into three task forces, each with specific responsibilities for accomplishing these objectives. This effort resulted in the creation of a fully searchable member directory that we plan to have completed by year-end."
In addition, the board was able to improve the venues, quality, educational content and keynote speakers for its national conferences, which resulted in record attendance for both the 2022 Finance Summit and the 2022 Funding Symposium, he said.

"We also improved the Partnership Program to simplify the process while maintaining the great value offered by the program. We accomplished these objectives as a team with the board, executive staff, co-chairs and committees, and volunteers.

On a personal level, Jackson feels fortunate to have worked with such a professional and talented group of people, he said, "We worked together to help out one another. Beyond the professional relationships, I made a number of good friends that I will continue to cherish."

> I'm very excited about this upcoming year and our board that is made up of tremendously talented individuals and thought leaders, who are extremely committed and engaged daily.
>
> – Adam Peterson

> Beyond the professional relationships, I made a number of good friends that I will continue to cherish."
>
> – Jim Jackson

*Newsline* asked Peterson, as he takes the reins from Jackson, what excites him most about the opportunity to lead the NEFA Board.

The new President views it as an exciting and unique time to have the opportunity to serve as President of NEFA.

"First, the association is in the best financial position it has ever been. The Board has intensely focused on our members' experience and engagement, making numerous investments over the years and, given the financial position of NEFA today, the board has the resources to continue to change and enhance this through many different verticals," he said. Second, the team NEFA CEO Chad Sluss has assembled is best in class.

"We have a tremendous amount of confidence in their ability to execute on our strategic plan. Finally, given the state of the economy, NEFA is well-situated to be an invaluable resource to our membership as we all navigate a rising rate environment, inflation, disclosure, section 1071 and so on. These are issues impacting every organization across the equipment finance industry," Peterson said.

*Newsline* asked Peterson to share the two or three most important agenda items he'll be addressing in 2023.

"Over the past few years, the Board has focused on a few core components of NEFA. Chad and his team have done a phenomenal job building the foundational infrastructure of NEFA to optimize scale which couples nicely with our member experience and engagement focus as well – more members benefiting from the value the organization can provide," he said.

"Moving into 2023, we are going to take a longer-term approach, working to establish a vision for what we want NEFA to bring to the industry over the next three to five years and through varied perspectives for what truly drives member value whether they are a Broker/Lessor, Funding Source, or Service Provider. The process will lean on our current membership and past presidents to help us identify and execute both short-term initiatives for immediate improvement, but also longer-term opportunities aligned to an established vision for where we are heading."

*Newsline* asked Jackson what advice he would share with his successor.

"Adam is a great industry leader and brings a wealth of knowledge to the board, so he certainly doesn't need any advice from me," Jackson said. "During my tenure as president, I always sought out his advice on key issues and I hope we will continue to have those types of discussions going forward. He knows that I am here to support him in any way I can to ensure we continue to improve the NEFA membership experience and grow the organization."

Peterson added he is excited to have the opportunity to serve as Board President.

"I'm very excited about this upcoming year and our board that is made up of tremendously talented individuals and thought leaders, who are extremely committed and engaged daily. For the membership, if there are things NEFA can do to better support your business, I encourage you to let the board know because you are who we serve and we have the resources to execute several initiatives this year."

# Recessionary Opportunities for Strong Originators

**By Scott Wheeler, CLFP**

The commercial equipment finance and leasing industry is scheduled for a reset in 2023. There is no longer a debate of whether the U.S. economy will experience a recession, but rather how impactful (deep) the recession may be. There are three main factors to consider: 1) recessions do not last forever — the average recession since WWII lasted just 10 months; 2) the commercial equipment finance and leasing industry emerges from every downturn stronger and better prepared to serve its clients; and 3) the strongest industry participants are rewarded through a recessionary period, and the weaker participants are eliminated. Therefore, every sales team and individual originator must ask the following questions: How do I become a survivor? How do I come through a recession as one of the strongest in the industry? What do I need to do to prepare for long-term success in the commercial equipment leasing and finance industry?

Originators are ultimately judged by the quality of assets that they generate. During a recessionary period, the amount of business an originator generated last year or in the last three years has less impact on his internal or external reputation. The performance of an originator's legacy portfolio matters more than the volume. More importantly, can an originator establish quality relationships based upon the current economic circumstances – and what value does each originator currently offer to all his stakeholders (employer, vendors, end-users, investors, partners)? Most originators currently selling in the industry have never sold in a rising interest rate environment. Most of today's originators have never experienced a major downturn; they are stressed by the possibility of tough times. However, veterans in the industry know that challenges create opportunities for those who are ready to sell value over price, be creative with products and structure, and who understand every aspect of the finance and leasing process from lead generation to portfolio management. Those with the most industry knowledge and ability to provide advisory services rather than an order-taker mentality will prevail by generating the highest quality assets.

Strong originators are pro-active in tracking and being involved with their legacy portfolios. (Assets that originators have generated in the past.) Top originators know that to predict future quality they need to know how past transactions are performing. They want to avoid past mistakes and focus on end-users, vendors, niches, industries, and equipment types that perform in all economic cycles. Like top performing vendors that assist in repossessions and remarketing of transactions which have become delinquent, top originators offer their expertise and connections to help portfolio managers mitigate challenges within their personal portfolios. Fully understanding the life cycle of a transaction improves an originator's ability to pre-qualify future transactions, creates stronger selling skills, and, above all else, allows an originator to be an industry professional. Recessionary times remind originators that being a sales leader is more than generating the most business. Long-term success comes from understanding all aspects of the commercial equipment finance and leasing industry and being a vital part of the risks and rewards, which are associated with the assets they generate.

**Scott Wheeler**
Wheeler Business Consulting LLC

Top originators thrive during recessionary times by flaunting their financial literacy. They can advise small and medium businesses about the cash flow advantages of their products. They are comfortable discussing leverage, liquidity, and other key ratios which are important in credit analysis. Top originators go beyond an application-only mentality and can work full-disclosure transactions when needed. Over the past decade, the industry has developed commoditized originators who believe that credit decisions are solely based upon three to five matrices (time in business, personal credit scores, business scores, and equipment types.) During a recessionary period, top performing originators are capable and willing to facilitate application-only transactions, but when needed, they can also package a full-disclosure transaction and add value. (It is unfortunate in 2022 that so few originators have this capacity, are frustrated, and may be left behind as the economy experiences a temporary setback.) Professionals in the commercial equipment finance and leasing industry provide a strong financial perspective and can relate the benefits of their products and services within the context of the overall economy. They confront rising interest rates, supply chain challenges, liquidity constraints, and changing economic factors; they confirm that their products offer powerful solutions in all economic situations. Recessionary periods create voids in the market as commodity products diminish and participants contract their credit requirements. Market voids create opportunities for originators who have the financial ability to fully analyze risk and reward and attract the highest quality transactions.

Recessionary periods reward originators who can structure transactions to meet the individual needs of their customers. Sales skills must be sharpened to determine the details of each transaction and the ability to align specific finance and leasing structures that truly meet the needs of each client. In a rising- rate environment, a transaction's structure trumps yield. In a rising-rate environment, originators are required to structure transactions that mitigate risk for their employers (or funding sources) while offering cash flow savings for the customer. In a rising-rate environment, offering flexible and creative transactions takes on a different meaning and requires originators to think and act outside of their comfort zone or commodity boxes. Over the past decade, the industry has trained originators to be one dimensional. Originators have had limited structure options and have offered one-size-fits-all solutions. (Often the only deviation from a standard structure was for weaker credit transactions which required larger down payments or shorter terms.) During a recessionary period with rising interest rates, the strongest credit transactions will request additional options for cash flow savings (eg, fair market value options, second amendment clauses, PUTS, etc.) Originators will need to sharpen their selling skills to determine the appropriate situations to offer creative structures and how best to sell additional products when available. Changing market conditions will provide opportunities for those originators who are willing to offer creativity and are able to sell the benefits of unique structures which are designed specifically for stronger clients that qualify for the best programs. Structure matters.

One of the most influential lessons learned from the 2008 downturn was that equipment knowledge is critical. Over the past decade, originators who best understood the equipment that they financed and leased excelled in the market. Equipment knowledge will further be rewarded during the recessionary period. Vendors and end-users want to conduct business with equipment specialists. Credit departments want to work with originators who are connected to the industries and equipment that they solicit. Strong originators know the difference between tier-one, tier-two, and tier-three equipment and the type of end-users that align with each tier of equipment. Equipment knowledge will assist in reducing risk and mitigating losses throughout the recessionary period. Top originators are focused on the equipment that they have the greatest knowledge.

Savvy originators and sales managers are confronting the current economic changes with confidence. They are re-engaging with their vendors and end-users from a position of strength and sustainability. They are helping their clients navigate rising interest rates and recessionary conditions by offering sound financial advice related to acquiring commercial equipment. Top originators are taking the time to fully understand their clients' needs and wants; they are providing real solutions to the strongest qualified clients. The strongest originators understand that temporary recessionary periods eliminate weaker participants and expand the opportunities for well-positioned originators that fully understand all aspects of the commercial equipment finance and leasing process.

**ABOUT THE AUTHOR:** Scott Wheeler, CLFP is the President of Wheeler Business Consulting LLC.

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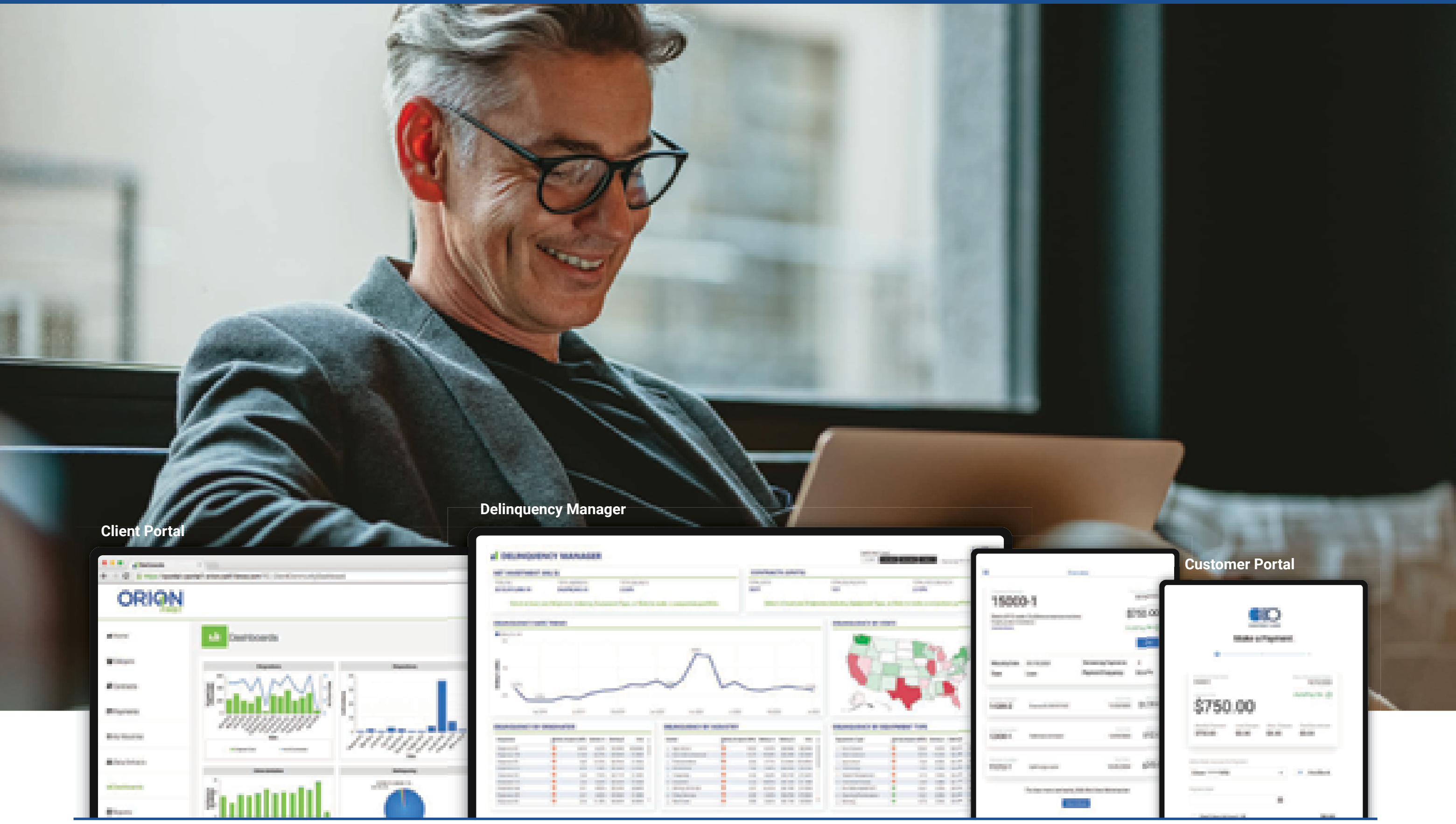


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