



LEASING MAY BE CRUCIAL TO OWNER-OPERATOR SUCCESS

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New Local Haul Trucking Program Tailored to Trucking Owner-Operators Makes it Easy to Expand and Upgrade

By Dave Gilbert and Dan Feder of Five Point Capital

In the motor transport industry there are two competing entities, the owner-operator and the large shipping corporation. In both cases, the work, and subsequent profit and productivity all rely on the availability of at least one actual working truck, which may be why the trade is more commonly called 'trucking.' The difference is, the cost of buying or replacing a single 18-Wheeler is insignificant in the eyes of a multi-million dollar corporation, but can make or break your business when you're an owner-operator with a one-truck fleet.

The myriad of problems that owner-operators face extends far beyond limited resources to things like higher insurance rates and a smaller fleet. Higher rates mean being forced to charge more to compensate. Translation – loss of business. Smaller fleets mean that servicing or replacing a truck not only costs an overwhelming percentage of your earnings, but it will also put a hold on the profits and limit future shipping as well. Translation – *more* loss of business.

So, what is the slingshot in this David and Goliath story? How can owner-operators and small fleet owners possibly compete with their towering counterparts? The answer is simple: equipment leasing.

Whether it's the engine, the chassis, the drive train, or the cab, the list of parts and problems truckers encounter on routine basis is endless. Sometimes it's due to the weather, sometimes it's because of EPA standards, or sometimes things just break. The point is, there comes a time in every owner-operator's career when you need to get yourself a new semi. Unfortunately, this is not cheap. A new, fully-loaded 18-wheeler will cost upward of \$150,000 and the used ones aren't much better.

Traditionally, it hasn't been easy for owner-operators to secure an equipment lease, as many leasing firms don't even offer leasing options to owner-operators or small fleet owners. And with the turmoil of the recent credit crunch, the approval process with those institutions that do offer these leasing options has not made matters any better. However, some companies such as Five Point Capital (FPC) are recognizing this need and launching new programs specifically designed for smaller trucking owner-operators. FPC's "Local Haul Trucking Program" has been made available exclusively to owner-operators to help them overcome some of the obstacles that the larger transportation organizations don't experience. Subscribers can receive up to \$75,000 financing toward

replacing a defective or outdated model or to adding a 4th truck to a preexisting fleet of three. In order to maximize effectiveness, the lease financing can include sales tax, training and delivery. Additionally, Five Point Capital does not require financials for equipment under \$100,000, there is no down payment required and companies finance 100% of the equipment cost.

When Dixie Sanitation of Louisville, Kentucky, needed to purchase an additional truck to service new customers, the company turned to leasing. With all of the costs that come along with growing a business, the last thing the company needed was to have to shell out another \$100,000 for a truck.

“Servicing new customers required that we put a new trash truck into service right away,” says Jo Norman, Administrative Assistant, at the family-owned business. “We found a used truck in excellent condition and called Five Point Capital for our equipment lease financing. A week later, the new purchase was on the streets, picking up new business.”

Not only is leasing more affordable than outright purchasing, it also allows truck owners to keep up with the constant technological advancements taking place in the automotive industry. Today it’s an in-dash GPS, tomorrow it’s an alternative fuel system. Whatever the improvement, leasing allows operators the opportunity to consistently take advantage of everything the latest models have to offer. Leasing isn’t just cost efficient; it’s a smart move and a formidable weapon in the world of shipping and transportation.

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