

## The Fleet Spot

Significant Industry News & Developments for the Management of an Automotive Fleet

## Interview with Shad Peterson

March 06, 2009

### How is the economic meltdown and credit crunch affecting you, the way you serve your clients and how do you see it in the industry?

It certainly has created a lot of anxiety; everywhere you go people want to know your opinion and fleet management providers like Union Leasing are certainly not immune to what is going on in the credit markets and the general sentiment of a global recession.

I think for Union, we need to draw on our strengths and disciplined approach to underwriting and running of our business; we have to think long term while reacting to today's challenges. There is no doubt there is uncertainty, especially when you are considering entering into a new relationship with a customer or market segment and it must be done with caution. The clear message from me to our company is that today's challenges aren't going to take Union off its focus: being a leading fleet lessor to the small and medium market space.

### Speaking now of the turmoil with the domestic automakers, if GM, for instance, were to go bankrupt, what would be the fallout in the fleet industry?

It would be devastating. With GM having such a large share of the market, especially from a fleet lessor's perspective, we would have to worry about a lot of challenges. With either an open end or closed end portfolio you would have potential credit risks and exposure with the lessee. Whether on end-of-lease adjustments or with lessor risk units you have the potential to be upside down and incur significant losses when you remarket those vehicles whether wholesale or retail. No one wants risk today.

### What are you advising your clients as they place their spring orders?

Our Sales and Client Services experts are consulting with our clients on vehicle choices and making recommendations based on cost per mile or perhaps advising them of potentially staying in the unit longer - extending out the contracts. Focusing on small and medium fleets, we are used to having units potentially out there beyond the original contract term.

There is no crystal ball. Where the manufacturers will be financially, what brands will be available at what cost, and watching a multitude of other cost areas beyond the manufacturing process, will all be areas we advise and communicate to our client base. Smaller companies like Union can move fast to engage our clients without any multi-level process entanglements to slow us down.

### Tell us about Union Leasing? How did you get to where you are right now and what are you looking for in the future?

Union is a privately held, fourth generation family business. It is a subsidiary of our parent company, Chicago Freight Car Leasing, who is celebrating its 80th anniversary this year. We look at our customers with a long term view. Everything is generational in nature, so that really allows Union to kind of pick and choose its relationships without outside pressures.

We are a full fleet management company. We are not trying to be the largest or even the second largest. Our entire team strives to be a leader and one of the best in our market space of servicing fleets in the small and medium sized market.



## Shad Peterson

Union Leasing  
CEO

[speterson@unionleasing.com](mailto:speterson@unionleasing.com)

Shad Peterson was appointed CEO of Union Leasing by the Board of Directors in 2007 after holding the position of President since January 2005. Prior to joining Union Leasing, Mr. Peterson held the title of Sr. Vice President & Managing

Director of Sales & Operations for Greenwich Technology Partners, and had spent 12 years within the professional consulting industry providing strategic planning and services development to Fortune 500 companies with a focus on financial and telecommunications companies.

In 2009, Union Leasing is celebrating its 20th year of ownership by Chicago Freight Car Leasing. Union has been in business since 1955.

Our mottos are *Minding our customer's business and Treating every customer as if they are our first customer*. It is truly what we believe; it is not just marketing spin. I believe our customers would all champion that this is the experience that they have in conducting business with us. Our employees, clients and business partners can attest that Union is an easy company to work for and with.

Our markets are usually anywhere from 650 vehicles down to 25, and we presently conduct business in all 50 states including Puerto Rico. Our clients are not cycling through every three to five years as with some fleet lessors. They are looking for partners to assist them in the procurements, licensing, taxing, operation, and ultimately, disposal of their fleet. They don't have vast fleet departments. People there are focused on their own particular line of business and we are their partner to help them. I see ourselves as an investment company and we invest in companies through vehicles.

### What do you see in 2009 for Union Leasing and the U.S. economy?

2009 is definitely a testing time for all of us. It is trying everyone's fortitude as we enter into waters at a global level which we've not seen in the financial and economic environments before. Union Leasing, like other well run fleet management companies, is going to continue to conduct business, look for the right opportunities to fund vehicles and seek out long lasting relationships. Will we be selective? Yes. I think everyone will be. I don't think there is anything wrong with saying that. Every business culture in America is re-thinking how it does business. Union Leasing is still open for business and our funding is strong. We will continue to look for those long lasting relationships to last long after this current economic cycle is over.

From a vehicle side, there is now the beginning of pent up demand. It will continue to build and build. If banks aren't lending at rates that people can afford or if the residual value on the trade-in isn't as strong as people were looking for, it will force that pent up demand to last longer. That is ultimately not a cycle that automotive manufacturers need right now but will provide some relief - the question is when.