

## PROFILE OF SUCCESS

# An Unlikely Lessor 'Does Right' By His Customers, Aspires to the Greater Good

BY CHRISTOPHER MORAFF

**First American Equipment Finance founder and CEO Bill Verhelle** gave up a promising career in law to follow a passion for entrepreneurship. Nearly 15 years later, his company, First American Equipment Finance, is successfully riding out the recession and continuing to realize double-digit growth while taking the time to give back to the community. At the same time, Verhelle and his company seek to “do right” for their customers and work toward the greater good.



**BILL VERHELLE**  
Founder & CEO,  
First American  
Equipment Finance

**W**ith every leasing executive I profile, the more I become convinced there is not one path into this industry, but many. Every story is different; and yet at the end of each varied route we find a common thread that seems to draw this diverse group of people to the industry they serve: namely, a love of working with people and helping their businesses succeed.

Bill Verhelle, the co-founder and chief executive officer of First American Equipment Finance (FAEF), is no exception. If a long and storied career in the leasing industry wasn't the first thing on his mind while pursuing his M.B.A. at University of California Los Angeles (UCLA), it was even less so four years after graduating, when at the age of 30 he decided to pursue a career in law.

Verhelle had gotten a taste of the leasing industry during his time at UCLA, having spent five years at Tokai Financial Services (now part of De Lage Landen Financial Services), where he served as a vice president and Western Division manager.

But in 1996, following a youthful dream, he left Tokai to enter Cornell Law School — consistently ranked as one of the best law schools in the country. To an observer, it would appear that Verhelle was on the path to a promising career as an attorney. But fate would intervene and jettison the young law student on a completely different course. The same year he entered Cornell, Verhelle and a colleague, Guy Klingler, started a small finance company in Ithaca, NY; and the rest, as they say, is history.

By the time he obtained his *Juris Doctorate* and was preparing to take the bar exam, Verhelle says the company — First American Equipment Finance — already had six employees and maintained two offices, the headquarters in New York and a sales office in California.

Verhelle says simultaneously finishing school and launching a startup was an exercise in determination. “I would run down to the office all morning, and then run up to a bar review class all afternoon, and then run back down to the office again,” he recalls. “It was a lot of fun and I was very fortunate to be able to do both.”

At 45, Verhelle looks back on his short career in law with fondness; and though he remains a member of the New York Bar, he says he wouldn't change for a moment the path he chose for himself. “I sometimes wonder how my life would be different had I pursued a legal career instead of starting First American, but I have no regrets,” he says. “Many traditional legal careers tend to be somewhat solitary. This is perfect for some people, but it wouldn't have been the best fit for me. I've always enjoyed building a business, which I have learned is all about working with people.”

Thirteen years on, First American Equipment Finance is today a robust company, with a staff of more than 80 employees and offices in southeastern Rochester, NY, Chicago and Los Angeles. The firm specializes in leasing high-technology equipment from a variety of different vendors to large corporate borrowers. FAEF ranked on the *Inc. 500* for 2000 and 2001, and for the past three years has made the magazine's list of the 5000 fastest growing companies in the U.S.

Last year, in the midst of a recession that brutalized the finance sector, the company realized a 20% increase in net assets, putting more than \$150 million in new business on the books. Marking its fourth year on the list, the company jumped 12 spots on this year's *Monitor 100* (from #88 to #76) and ranked #8 by volume in the *Monitor's 2009 Top Private Independents*.

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A large part of the company's success can be attributed to the rather unconventional way FAEF does business. Verhelle approached the building of his company much the way an architect puts together a structure. Every aspect, from hiring to originations to administration is carefully considered for the merits it brings to FAEF and its clients.

Central to this model is a three-pronged strategy that embodies FAEF's operating philosophy. At the foundation is a centralized distribution system that uses Web-based video-conferencing technology and proprietary CRM software to serve customers in all 50 states.

To support the structure, Verhelle says FAEF hires the majority of its employees from outside the equipment finance industry, which he says brings a certain freshness and open mindedness to the staff. "Our culture encourages our employees and managers to look beyond what is currently being done in the equipment finance industry, and to contemplate how interesting and innovative ideas being successfully implemented in different industries might be employed in the equipment finance or commercial lending industry in the U.S.," he explains.

Capping out the structure is what the company calls its "job shop" operations model, whereby each new customer is given a single, high-level point of administrative contact. "This contact is the only other person the client will need to interact with beyond the salesperson," Verhelle says. "By contrast, most competing firms employ an assembly-line model, in which a transaction is processed through a series of different departments."

Rather than attempting to emulate the industry's success stories, Verhelle says he chose to create his own by highlighting and building upon the attributes that make FAEF unique. "As the marketplace was defined in the mid-1990s, First American had no competitive advantage whatsoever," Verhelle says. "But our startup team shared a vision to create an entirely different kind of finance company, one that employed new distribution models and advanced technology to better serve its customers.

"So, we always recognized that we needed to do things differently. For example, we understood that there was no way we could succeed by employing GE's or Bank of America's strategies, which are based primarily on economies of scale and cost leadership. Those strategies simply won't work for a medium-sized company in a mature, price-sensitive business."

Instead, Verhelle explains, FAEF decided to focus on adding value in ways that are not necessarily feasible at larger companies. Among them is the policy of dedicated customer service

reflected in the "job shop" model, which Verhelle says keeps clients coming back.

To illustrate the attractiveness of this approach to FAEF customers, he recalls a conversation he had with a client, a CFO at a large multi-national corporation. "While he liked his sales representative at the equipment finance division of the large bank that served his firm prior to us, every time he completed another transaction with the bank he was forced to work

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with a new group of operations people who knew nothing about his company, or his needs and preferences; he never worked with the same operations person twice," Verhelle says.

Verhelle adds that with more than half of FAEF's new originations coming from repeat business with existing customers, it's not hard to see the approach is working.

Over the past two years, the commercial finance industry — and especially independent lenders — has seen funding dry up as the credit markets retreated. The liquidity drought has forced many companies to pull back on lending, and in some cases, to close up shop altogether.

While FAEF is certainly not immune from problems in the wider economy, Verhelle says the company has managed to avoid any serious disruptions in lending capacity, due largely to the strength of its relationship with its financial partners, which include both national and region banks.

"We're fortunate to have long-term relationships with many of the largest lenders in the U.S. Those relationships are based on reputation and trust. We have never taken those relationships for granted, even in times of excess liquidity," he says. "We consider ourselves very fortunate that our lenders elected to maintain their relationships with FAEF, even when external pressures forced them to discontinue their relationship with some others."

Throughout his career in leasing, Verhelle has remained an active member of the Equipment Leasing and Finance Association (ELFA), and in 2006, he served on the task force that vetted and hired former Congressman Ken Bentsen to take over the helm of the organization following the retirement of long-time president Michael Fleming.

From 2007-2008, Verhelle served as chairman of the association, a role he calls the "highlight of my career." During that time he traveled to Madrid, Sydney and Moscow as a representative of the U.S. equipment finance industry. "One of the things I learned is that there is a great deal of respect from many of the executives in these other countries for what's being done in commercial finance in the U.S.," he notes. "It was a pretty difficult time, with

the credit crisis blowing up — and even during those times people were very interested in the way things are done in the U.S., and they were interested in the ELFA."

Verhelle takes his dedication to service one step further. FAEF is heavily involved in charitable programs, including Big Brothers and Big Sisters of America, the American Heart Association and Dimitri House, a homeless shelter in the Rochester area.

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Today Verhelle continues to reside in upstate New York, with his wife and their four sons. In spite of the hard work and dedication he has put into building First American Equipment Finance, when asked to what he attributes the company's success, without hesitation he points to the team he has working for him.

"There are few shortcuts to success in business. You reap what you sow. Our long-term success over the past decade, and our recent success during these past two difficult years, is based almost entirely on a team of competent and professional people doing the right things every day. The level of commitment we have from our people is the best I've ever seen in any organization with which I've been associated and I'm honored to work alongside them." **m**

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