

# VENDING TIMES

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## Vend Lease Provides Expert Financial Services Based On Coin-Op Experience

BALTIMORE — Any operator or distributor who seeks a leasing and financial services provider with deep coin-op industry expertise can find it at Vend Lease, a 34-year-old subsidiary of Columbia Vending Services, the well-known operating and distributing company. According to president Michael Paszkiewicz, "Our strength in the coin-operated industry is our knowledge of the coin-operated industry. Many of our competitors, including banks, are afraid of this industry. Not so with Vend Lease; the coin-operated industry is in our blood."

Teamed with vice-president Joe Burns and account executive Rob Wasson, Paszkiewicz and the Vend Lease team works with distributors to arrange financing for operator purchases of equipment. Not a broker or middleman, Vend Lease is a direct funding source: "We make our own approval and decline decisions," says Paszkiewicz. "Vend Lease is a third party leasing/financing source between the equipment distributor and end-user for a wide array of commercial equipment, including coin-operated equipment."

This status gives Vend Lease a decided edge. "Many of our competitors that call themselves 'leasing companies' are simply brokers who are passing the risk and the transaction off to somebody else," Paszkiewicz noted. "As a direct funder, and one that knows the coin-op industry better than any of our competitors, we can approve more transactions than our competitors at a very competitive rate. We also offer a variety of programs, including seasonal payments (for beach accounts, school accounts, etc.), 90 Day Deferred, Discounted Early Buyouts, etc."

Vend Lease qualifies operators for financing, then originates, holds and services the lease in-house. And although today's volume of equipment buying (and therefore equipment financing) appears lower industrywide than several years ago, Paszkiewicz says Vend Lease's coin-op machine financing business is growing. "Overall," he said, "our trend in loaning to the coin-op industry is increasing as distributors re-

alize that we can approve more transactions versus our competition."

According to Paszkiewicz, equipment leasing offers several advantages over typical bank financing. First, leasing usually requires only a down payment that is equivalent to two monthly payments, rather than the 10 to 30% down payment often charged by banks. Second, leasing offers fixed rate financing, so if market rates go up (as it most likely will from current lows, said Paszkiewicz), the operator's payment remains the same. (Most business lines of credit fluctuate with the prime rate.) A third advantage is that lease payments are usually tax deductible in full versus only being able to deduct interest with a bank line (this makes the effective tax rate lower). Fourth, leasing does not require "compensating balances" that bank line of credits do. Fifth, leasing leaves the operator's bank line free for investment that may provide a higher yield or leaves the operator free to qualify for an additional line of credit.

The company's roots in the industry date back to 1950 when Norbert and Raymond Paszkiewicz founded what is today known as Columbia Vending Services here. The company grew into one of the larger and more diversified coin-operated companies on the East Coast and remains so today. In an effort at further diversification in 1979, Columbia added a "branch" in the Maryland/Washington DC suburban area for the purpose of creating a distributorship for, mostly, refurbished equipment but some new equipment lines, as well. "As a service to our customers we offered them in-house financing/leasing," Paszkiewicz noted. "Thus, Vend Lease Company Inc. was founded."

Vend Lease is no longer a distributor; nor does it compete with distributors. Instead, the company works directly with other distributors and with operators. "Our main focus is on distributors of equipment," said the company president. "However, we do keep account of good paying lessees and offer a Preferred Customer Program with a preferred customer rate. Up-

front fees are waived for qualifying participants. As we are no longer a distributor of equipment, we do not compete with other distributors. Vend Lease is a reliable funding source between the distributor and their customers."

From Vend Lease's perspective, the state of the coin-op market is the same, possibly worse, than the overall economy. But Paszkiewicz does see some growth sectors. "Down-loadable jukeboxes seems to be making a wave in the industry and, most likely, will continue to do so," he said. "Countertop games are also doing well. Furthermore, the alternatives appear to be growing and creating more competition for the traditional music and game operators as many states facing budget deficits are considering slot machines and casino gambling."

On the vending side, he said, "it appears the pie is getting smaller. As larger businesses are cutting back and eliminating jobs or closing all together, the traditionally larger vending operators are going after smaller accounts versus tradition because everyone knows that equipment in the warehouse does not produce a profit. Overall, competition is intense on both sides."

The result is that operators have created a cautious climate for new investment. "It appears that before buying new equipment for a newly acquired location, operators are reviewing their existing portfolio to see what accounts are not producing an acceptable ROI," Paszkiewicz said. "This means they may pull an under-performing location and use that equipment for the newly acquired location or buy used equipment in order to keep their investment down. One of our customers (ie: distributor) inferred that operators are investing more in 'paint and vinyl' versus new equipment."

But as operators become more sophisticated users of financial services, they increasingly find advantages in leasing...and ready partners in Vend Lease.

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VENDING TIMES is designed as the forum to report trends in the vending and amusement services industries. Its content is targeted to operators working in automatic vending, foodservice, coffee service, coin-operated entertainment and music, and bulk vending. Editorial highlights include coverage of trade shows/events, new product reviews, relevant business news and analysis of new marketing/promotional techniques. VT is published monthly except semi-monthly in June and August with the *International Buyers Guide* and *Census of the Industry*, respectively.

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