

COMPANY PROFILE

Growing With The Industry

Vend Lease provides the restaurant industry with knowledgeable staff and competitive rates

by Todd Silver

Michael Paszkiewicz, President
Joe Burns, Vice President
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Last month, the restaurant Red Hot & Blue opened its newest restaurant in Winchester, Va. Vice-president for finance and administration Jeanne Ormsby had plenty of options to choose from when deciding how to fund the interior of the restaurant. Since Red Hot & Blue previously leased furniture, kitchen equipment, and dining room essentials through Baltimore-based Vend Lease Company, Inc., the decision was simple.

"I worked with them several years ago, and as it turns out two of our major equipment vendors have a working relationship with Vend," said Ormsby. "There were a lot of connections that made my life easier; especially the fact that Vend understood our industry and our organization."

Although the leasing industry is vastly growing, Vend Lease remains one of the few area leasing services that specializes in restaurants. Because the company has relationships with a multitude of vendors in different disciplines, Ormsby was able to put together a multi-vendor deal with relative ease.

"It's tough to get all the payments and all the documentation done when you're working with several vendors, but they were knowledgeable, and it didn't take them long to put the lease together," she relates.

Vend Lease has served the restaurant industry for over 20 years. As interest in equipment leasing has expanded—currently, more than 85 percent of restaurants lease some type of equipment—Vend has grown to meet rising demands for diversity, availability, and convenience. Today, the company can provide leases for just about anything found in a restaurant, for amounts up to \$500,000.

"We cover the whole range, point of sale (POS) equipment, kitchen equipment, ATM machines, etc.," said Michael Paszkiewicz, president of Vend Lease. "Leasing as a whole continues to grow, and we continue to grow with the industry."

Most leases fall within the \$5,000 to \$40,000 range, with an average length of payments ranging from 3 to 5 years. Paszkiewicz points out that restaurant owners are leasing rather than buying for a number of reasons—mainly to preserve their line of credit and maintain available cash. Cash may be one of the easiest ways to purchase equipment, but it's not always a practical option.

"Anyone who is growing should really lease because you're better off preserving your line of credit," Paszkiewicz relates. "Essentially, you should lease what depreciates and purchase what appreciates. Leasing pays for the equipment as it's producing."

"You wouldn't pay your employees three years in advance, but that's what you are doing when you pay cash for equipment," adds Joe Burns, vice president for Vend Lease.

Traditional bank financing usually requires a 20 percent deposit, on average, which can severely constrain access to readily available cash. Vend Lease usually requires two payments down; therefore freeing up more in available cash—depending on the loan and lease amount. If a restaurant owner chooses to buy the item at the end of the lease, its value is depreciated, significantly lowering the tax burden on that equipment.

"Another advantage is that your rental expenses may be 100 percent deductible, which increases your borrowing capacity," Paszkiewicz notes. "With bank loans, only the interest is usually deductible."

Whereas, bank loans often contain either points or a floating rate, Vend Lease provides competitive rates that are locked in for the life of the lease. This is important, Paszkiewicz notes, considering that bank loan rates should be gradually moving upward as the economy rebounds. Restaurant owners



Joe Burns, Michael Paszkiewicz and Rob Wasson

should also be mindful of banks that offer special low rates, as they may be accompanied by various processing and settlement fees that can reach thousands of dollars, and penalties may be assessed if the loan is paid off early.

"Traditionally, banks are asking for more fees through the life of the loan, but with a lease, you pay just a one-time document processing fee on average of \$75," said Rob Wasson, account executive for Vend Lease. "You can get into a lease with little money down, competitive rates, and with convenience."

Convenience may be where Vend Lease separates itself from other leasing companies. Leasing amounts under \$25,000 require just a one-page application that can be approved in 24 hours. Vend's Preferred Customer Program enables current clients who have a good history with the company to simply place a phone call to begin a new lease or to upgrade equipment. Because Vend already has client information on file, the paperwork experience is an expedient step toward approval.

"People don't want to wait two weeks to hear about a loan," said Wasson. "A quick turn around is important."

Vend's Master Lease Program was created to assist restaurateurs who are either expanding their unit and/or upgrading their equipment, and are using a multitude of vendors. Red Hot & Blue, for example, used the lease to purchase equipment from five different vendors—a paperwork nightmare. Through the Master Lease program, however, Vend Lease tied the multiple purchases together into a single document.

"With Red, Hot & Blue, they used the lease like a line of credit," Burns relates. "They determined who they are going to get the equipment from, and when approved, we wrote it all on one lease and dispersed funds to the vendor."

Vend Lease has built solid relationships with many local and national vendors. The company often attends vendor trade shows, and networks with vendors to offer specials and discounts to restaurateurs. By diversifying their product line, Vend Lease has established relationships with all types of equipment suppliers, from Espresso machines to security systems.

"We've grown geographically as well, so we can lease anywhere from New Jersey to Florida to East of the Mississippi," Paszkiewicz notes. "We continue to establish relationships and cultivate, so we can be flexible."

"The biggest thing is we make it easy and convenient," he continues. "We know the area and we know the industry well, which is why we're hired the most."

Vend Lease

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