

EXECUTIVE PERSPECTIVE

FOUNDATION BUILDING MATERIALS



Rental
Leasing
Logistics

Leasing Mitigates Operational and Financial Risks

As the chief financial officer of Foundation Building Materials, a building material distributor with a network of branches across the country, John Gorey needs to ensure the company is providing high levels of service while also managing costs and mitigating risks. Gorey has turned to leasing through Penske Truck Leasing to get and keep trucks on the road and protect the company's balance sheet.

Gorey said one of the key benefits of leasing is minimizing risks, both operationally and financially.

Proper Maintenance

According to Gorey, "For delivery situations, your risk if your truck isn't maintained properly is you miss your delivery windows." He added that breakdowns wreak havoc on on-time deliveries. "We measure on-time deliveries. We think it is important for retention of customers."

Meeting delivery windows also allows the company to reduce the risk of fees associated with a missed delivery. "If a customer has a crew waiting four to five hours, he will back charge us for his time," stated Gorey.

Equipment Uptime

What's more, ensuring equipment uptime saves staff time, as nearly everyone in the company — from a dispatcher to the driver — is affected if equipment goes down. "It cuts a lot of back-end time from our dispatchers and our managers," Gorey said.

Roadside Assistance

With a lease, if equipment does fail, Gorey emphasized Penske responds quickly to get a truck back online so the company isn't late for a delivery. "We have fewer issues



Foundation Building Materials

QUICK FIGURES

Employees: About 1,800

Revenue: More than \$1.05 billion

Branches: 85

Penske Leasing Customer Since 2011

About Foundation Building

Materials: With 85 locations in 16 states, Foundation Building Materials consists of several distinct state-based partners, with each branch meeting the individual building material needs of its geographical market based on climate, codes and other local variations. The company operates boom trucks, box trucks, flatbeds and pickup trucks in addition to its tractor trailers. Effective fleet maintenance is critical to ensure safety, compliance, operational reliability and cost efficiency. Foundation Building Materials takes an industry-leading approach in developing and promoting safety.

with our equipment. We rely on Penske to get out to our tractor and they can fix it.”

Substitute Vehicles

If more than a roadside repair is needed, Penske Truck Leasing provides a replacement vehicle. “They are always responsive to get us a new substitute tractor,” Gorey explained, adding that without the lease, he’d have to maintain backup equipment and hire an independent mechanic, which would add cost.

Predictable Costs

Understanding and knowing costs in advance helps Gorey minimize the financial risk the company faces. “We’ve established what the financing costs are so there is less concern about what the costs are going to be,” he said, adding that the lease also gives him insight into maintenance costs. “They are more visible and we mitigate any big, large maintenance problems.”

The Bottom Line

For Gorey, leasing also has benefits on the balance sheet. “We record the leases as operating leases. This keeps the financing off the balance sheet and improves our debt position.”

Improved Safety

Equipment that isn’t operating properly or being maintained can lead to accidents and injuries, which is why Gorey said he values the safety component Penske Truck Leasing brings to the table. “We want to make sure we have all of our safety measures in place each time our trucks leave our yard.”

Improved Compliance

If equipment isn’t properly maintained, a fleet runs the risk of equipment-related violations being found during roadside inspections. Those violations can have a negative effect on carriers’ scores under the Department of Transportation’s Federal Motor Carrier Safety Administration’s Compliance, Safety, Accountability program.

Inspections and Regulations

In addition to ensuring equipment is maintained, Penske helps Foundation Building Materials manage its DOT inspections, Gorey said.

Penske also monitors federal and state regulations to ensure equipment meets all the standards. “[Penske] helps us keep up with our fleet.”



**Rental
Leasing
Logistics**

About Penske Truck Leasing: Penske Truck Leasing Co., based in Reading, Pennsylvania, is a partnership of Penske Corporation, Penske Automotive Group, General Electric Capital Holdings and Mitsui & Co., Ltd.

Penske operates more than 240,000 vehicles and serves customers from more than 1,000 locations in North America, South America, Europe, Australia and Asia, with full-service truck leasing, contract maintenance, commercial and consumer truck rentals, used truck sales, transportation and warehousing management and supply chain management solutions.

**Contact us today to learn how Penske can help support your fleet.
Call 888-234-4201 or visit [pensketruckleasing.com](https://www.pensketruckleasing.com)**