EXECUTIVE PERSPECTIVE

COLD FRONT DISTRIBUTION

Reliable Rentals and Maintenance Reduce Risks

For Cold Front Distribution, a direct-store delivery supplier of frozen products, temperature is crucial. And it isn't always easy to find rental units that can maintain temperatures of 20 below zero. So when Kevin Hocum, chief financial officer for the Denver-based company, needed multiple highquality reefers on short notice, he reached out to Penske Truck Leasing for help.

"They jumped on it," Hocum says. "Within two days they had units and delivered them to our site in West Texas. That was our first experience with Penske."

Those units performed well. "Historically, the rental units we get don't keep ice cream at a cold enough temperature," Hocum says. "The Penske units are much better maintained, better quality reefers. They have always been very clean and ready to go. From a safety standpoint, that is a big deal."

Based on that experience, Hocum and his team chose to rely on Penske for future leases. "Penske had no skin in the game," Hocum says. "But they came in and said they wanted to earn our business, and they did."

Cold Front Distribution currently uses a mix of full-service leases and finance leases, but Hocum says he will only use full-service leases going forward. "We don't have the bandwidth to have a group of people only managing the

trucking. Time is money," Hocum says. "We've decided the only way to go is full service."

Ensuring Uptime

Having reliable trucks is crucial for Cold Front Distribution's operations. "Without the trucks, we wouldn't be able to run our routes. If we can't run routes, we lose



PENSKE

Leasing Logistics

QUICK FIGURES

Company Sales: Nearly \$100 million

Employees: Just Under 300

Total Fleet Size: Over 100 Vehicles

Penske Leasing Customer Since 2005

About Cold Front Distribution: Cold Front Distribution receives

premium frozen food items from major manufacturers and delivers them directly from its fleet of trucks to grocery stores, convenience stores and food service accounts throughout its service areas in Colorado, New Mexico, South Dakota, Texas, Wyoming, Iowa, Minnesota, Wisconsin and Nebraska.

"The Penske units are much better maintained, better quality reefers. They have always been very clean and ready to go. From a safety standpoint, that is a big deal." revenue, and we all know lost revenue can't be made up. It is gone forever." According to Hocum, "If we have breakdowns and can't get rental units, it affects our top and bottom line."

Missed deliveries also damage the company's relationships with its customers. "We distribute for all of the major frozen food manufacturers. It doesn't make them happy when we can't make our customers happy," says Hocum. "If the customers are out of ice cream and frozen pizza, it creates a lot of problems for us, not just lost revenue."

Cold Front Distribution ensures uptime through the maintenance program included within its fullservice lease, and through a contract maintenance program with Penske on its finance-leased vehicles.

For Hocum, utilizing full-service leases makes more sense than adding maintenance riders to a finance lease. "It is more cost-effective, and the headache is taken out of our hands," Hocum says. "I've decided we are never going to use another finance lease. It will be a full-service lease, no questions asked."

Minimizing Residual Risk

Using a full-service lease helps Cold Front Distribution minimize residual value risk. "I'm not a used truck salesman, and I don't want to be in the used truck business," Hocum says. "The fullservice lease is a far better way for us to go."

Streamlining Back-Office Operations

Hocum values the records maintained by Penske, which streamline Cold Front Distribution's operations. "You have the information and keep the data. In case of an audit, you have everything you need to get with the auditors," he says. "To have that additional support from your organization is a really big deal to us."

The back-office paperwork also reduces the administrative workload for Cold Front Distribution. "The invoicing is absolutely bar none the easiest to understand, whether it is a rental or a lease invoice," Hocum says. In addition, a fullservice lease minimizes the time and effort the company invests in DOT licensing, all of which is handled by Penske.

Benefit the Bottom Line

While he doesn't have an exact return-oninvestment figure from leasing, Hocum sees the advantages. "Some of it is hard to get your arms around as far as putting a dollar value to it," he says, "but suffice it to say, I know it absolutely adds to the top and bottom line."



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