



# The Foundation for Leasing Education: Contributing to a Better Industry

## WHAT IS THE FOUNDATION FOR LEASING EDUCATION?

In 1989, the Equipment Leasing Association of America (ELA) established the Foundation for Leasing Education as a section 501(c)(3) nonprofit organization. Its mission is to foster the development of education, training, and research in equipment leasing.

The Foundation's strategic objectives are:

- ◆ To support education and research that will contribute to a better understanding of the vital and innovative role played by equipment leasing in the American and international economies, and
- ◆ To develop training and research programs and materials for equipment leasing personnel and others that will promote the success and productivity of equipment leasing, thereby enabling equipment leasing to better serve the public.

The Foundation's Board of Directors has a fiduciary responsibility to the Foundation, including its source of revenue, program decisions and their relationship to the operating budget, and investment of its funds. Each director serves a three-year term.

The Foundation Board is a working board, with special committees established to provide advice and guidance on program initiatives.

Because adequate funding is key to enabling the Foundation to conduct its mission, a new fundraising campaign begins at each ELA annual convention. Throughout the year, efforts are made to increase awareness of the Foundation and foster continued giving on the part of leasing organizations and their leadership.

## THE FOUNDATION EDUCATES AND INFORMS

### Journal of Equipment Lease Financing

Now in its 16th year, the Journal of Equipment Lease Financing has been funded and published by the Foundation since 1994 as its signature publication. The journal appears twice yearly, in the spring and fall, and contains or summarizes Foundation-commissioned research. However, most articles are written by industry experts and undergo peer review by the journal's Editorial Review Board. These articles discuss industry trends in accounting, legal, tax, legislative, and regulatory issues; summarize current leasing research; and detail industry growth opportunities.

### Foundation Dialogue With Academia

The Foundation continuously seeks opportunities to establish and maintain ties with the academic community. It strives to promote the equipment leasing and finance industry among major college business schools and their students. The Foundation is exploring a variety of ways to enable representatives of the academic com-



munity to more directly influence what the Foundation is doing and provide guidance and direction in its program development. It has done this by adding two university professors to the Board of Directors in 1998. In addition, the Foundation has opened a dialogue with the Financial Management Association (FMA), the trade group representing the needs and interests of university finance professors.

A call for papers has been circulated among members of the FMA, to solicit academic contributors to the Foundation's Journal of Equipment Lease Financing. This call for papers also appears on the Foundation's page on the World Wide Web.

### THE FOUNDATION PROVIDES TRAINING AND LEADERSHIP

#### Executive Education

Planning is under way to redesign, with Foundation development funds, the Institute of Lease Management, a highly regarded management development program for promising lease executives. The first in a series of executive education programs, focusing on change management, will be delivered in the first quarter of 1999.

#### Grant Program

One of the best ways to encourage study and coursework in equipment leasing and stimulate interest in a career in leasing is to provide funding for students and others who wish to conduct research on the industry. The Foundation awarded its first grant in 1997 to a Ph.D. candidate at the University of Arizona. This funding enabled this individual to conduct an analysis of the tax and accounting implications involved in selecting the lease option. The Foundation is exploring expansion of this program by offering cash awards for the publication of papers written by representatives of the academic community as well as leasing organizations.

#### Training Videos

The Foundation funded a major initiative to develop a CD-ROM based Principles of Leasing training package, which was introduced at the ELA annual convention in Atlanta, in October 1998. Foundation funds have also

been used to develop four video training packages, which include a video and a training manual, to help leasing companies in training their staffs:

- ◆ "Getting It Right, Part 1: The Master Lease and Equipment Schedule"
- ◆ "Getting It Right, Part II: Supplemental Documents and UCC Article 2A"
- ◆ "The Lease Administration Process: From Origination to Termination"
- ◆ "Detecting Leasing Fraud: Don't Let It Happen to You or Your Company"

### THE FOUNDATION PROMOTES KNOWLEDGE

#### Teaching Modules

Most business schools include a basic corporate finance course for their students. Equipment leasing principles may not get discussed as part of the course curriculum, primarily because of the scarcity of teaching materials available for professors to use in their classrooms. Therefore the Foundation has funded the development of two teaching modules that can be incorporated easily into any basic finance class. "Using Net Present Value to Make a Financing Decision: The Lease or Buy Example" is the first, and "Multiple Internal Rate of Return: The Leveraged Lease Example" is the second.

These modules, available at no cost to the academic community, include student materials, teaching notes, practice examples, and a reference list.

#### Case Studies

Case studies are an excellent way to achieve understanding of equipment leasing issues in a class setting. To date, the Foundation has funded two case studies developed and published by the Darden Graduate School of Business Administration, University of Virginia: "Burlington Northern Railroad: Equipment Leasing" and "Eli Lilly and Co.: Globalization, Foreign Tax Credits, and Equipment Leasing." Both have been very well received by the academic community.



Work was completed on a third case study, which illustrates how a finance company helped its customers deal with the problem of technological obsolescence by creating a financial instrument that solved an operating problem. A fourth case on strategic alliances and negotiation strategies is nearing completion.

All of these cases are currently being targeted to the Darden School and to the undergraduates at the University of Virginia.

**Customer Satisfaction Research**

The Foundation commissioned Dun & Bradstreet Information Services to conduct a competitive analysis of customer behavior and satisfaction in the equipment leasing business, using both quantitative and qualitative measures. Titled "Understanding the Equipment Leasing Marketplace," the Foundation's first research project was published in May 1995. "Understanding the Equipment Leasing Marketplace" reinforces the Foundation's role in supporting education and training—and now research that benefits companies involved in the industry.

**FOUNDATION FOR LEASING EDUCATION**

**FOUNDERS  
(\$25,000+, MAX 3 YEARS)**

- AT&T Capital Corporation
- Banc One Leasing Corporation
- The CIT Group
- Equipment Leasing Association of America
- FINOVA
- Paul S. Gass
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**1998 FUNDRAISING CAMPAIGN (THROUGH 9/21/98)**

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### Technology Study

Computer Sciences Corporation completed a wide-ranging analysis of current technologies, their relevance and application to the equipment leasing business, and technological innovations that could advance the industry. The Foundation sponsored and funded this study.

### Financial Decision-maker Study

The Foundation developed and funded a project designed to provide insight into why companies do not lease their capital equipment. The study also covers what these financial decision-makers do and do not know about lease financing. Results of the study provide invaluable information about how businesses perceive the equipment leasing industry. This data is used in the ELA's industry image campaign as well as in other activities related to industry promotion and business development.

**THE FOUNDATION IS  
SUPPORTED BY  
COMMITTED GIVERS**

An important aspect of the Foundation and its work is the sense of ownership in the Foundation's future that is clearly shared by leasing and finance organizations and service providers cooperating to provide crucial financial support. The work of the Foundation is funded solely through generous contributions from leasing and finance organizations, industry service providers, and other individuals and businesses with close ties to the equipment leasing and finance industry. These contributions are deductible as charitable gifts pursuant to applicable provisions of the Internal Revenue Code.

Begun with seed money provided by Paul S. Gass and the Equipment Leasing Association of America, the Foundation's assets currently total over \$800,000. These funds are used to support the annual operating requirements of the Foundation's mission and to create a permanent endowment that will make possible the continued funding of worthwhile programs. These programs are made possible by voluntary contributions from over 150 companies and individuals, led by the generous support of the founders.

## 1998 LEADERSHIP TEAM

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For more information about the work of the Foundation or any of its programs, contact  
**Ralph Petta, Managing Director,**  
(703) 527-8655.



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