

1990-1999 Expanding into a global market

With the help and encouragement of its new parent company, GE Capital Services, (GECS) TIP expanded into Mexico, bought back its TIP Europe business, and acquired more than 10 other firms or fleets in the 1990s. It also developed its intermodal business, storage business, and trailer sales (remarketing) business.

Under Gelco, TIP had struggled to get enough capital to expand, said Laurie Weisheit, who retired from the company as president and chief operating officer in 1995. After GECS took control, the availability and cost of capital improved markedly. "That was the most significant thing that happened to us under GE," Weisheit said.

Following two acquisitions in its core product area, Canadian company Intercan Leasing in November 1992 and Transamerica Corp.'s 19,000-trailer U.S. fleet the next month, TIP became the largest North American truck-trailer renting and leasing firm, and now owned about 62,000 trailers. Later, in 1998, TIP bought the Chicago-based Trailer Leasing Co. to further expand its domestic trailer rental and lease business.

TIP also took actions to grow and formalize its intermodal container business. In August 1997, GE Capital consolidated TIP Intermodal Services and Genstar Container Corporation, calling the new entity TIP Intermodal Services. This added Genstar's 18,000 intermodal containers to TIP's 6,000-unit fleet. Subsequent intermodal business acquisitions brought the total intermodal fleet to more than 100,000 assets in 1999.

TIP opened its first Mexico branches in 1994 in the northern industrial city of Monterrey and in Mexico City. In April 1993, it bought back TIP Europe PLC, and Barry DeSantis was appointed in 1994 to run the division, and was its president until 1998. By that time TIP Europe had a fleet of 40,000 trailers. As in North America, GE grew the business through acquisitions.

The European division was now also operating a container storage rental business, a fleet of 17,000 trailers through 65 branches — and a commercial vehicle leasing company. "Bringing Europe back into the fold was a big thing," longtime sales executive Paul Thompson remembers.

Europe presented an excellent opportunity for TIP, DeSantis recalled, because there were very few pan-European trailer rental companies — but lots of pan-European trucking companies. No other trailer rental firm could provide these trucking companies with trailers in

all the countries where they operated. "That was an advantage for us," DeSantis said.

Back in the U.S., TIP faced an increasing problem in the '90s with obsolete equipment, driven in part by the asset portfolios it was acquiring as well as changing specifications in the industry. After discussion, another TIP unit was created in 1997, National Trailer Storage (NTS). The goal was to find a second life for older trailers in the storage and cartage market.

Customers in markets ranging from transportation, manufacturing, construction, warehousing, retail and convention services were contacted, and ultimately served from 30 dedicated storage sites in the U.S. They could also access smaller inventories held at 120 other TIP sites. Storage trailers from 20 to 48 feet in length, and old marine containers in 20 or 40 foot lengths could be rented, leased or purchased — with GE financing if necessary. A sales promotion at the time noted that the daily rate for a TIP Storage asset was "less than the cost of a Starbucks Grande Mocha Latte."

The offering was ideal for customers needing off-site storage or warehousing, or secure space to keep tools during remodeling, or inventory during peak periods. In just one year, NTS grew its revenue 43 percent and by 1999 was a \$27 million top line revenue generator for TIP. But with no real barrier to entry, competitors quickly took notice and rapidly matched the core offerings. NTS was soon sold off in pieces to regional firms — although old "NTS" decals are still visible on storage assets parked throughout the country.

More rigorous success was enjoyed by another product line: trailer sales. Units coming off rent or lease were grouped by type and sold to the secondary market for a profit, giving customers the benefit of a well-maintained asset, backed by a reputable firm. In 1995, TIP sold 12,000 trailers, double the number sold in 1993.

But regardless of the asset product line — rentals, storage, intermodal or sales — TIP was starting to face increased competition. Just having conveniently located, quality assets at a good rate was no longer enough. Customer Service was the new differentiator, and as the decade drew to a close, credit card orders and 24-7 access via 800 numbers and the Internet became more important.

To create more consistency for customers, TIP beefed up training efforts, established a centralized Customer Service Center at its headquarters in 1997, instituted its toll-free "TIPLine" number, and a suite of special services for national accounts called TIP One. The company's first Web site was launched April 1, 1996, featuring the ability to request online trailer rental reservations, and the capacity to view invoice history, lease/rental activity, asset specs, and branch locations.

As the "roaring 90s" economy faltered, TIP found that revenue was dropping and margins were tighter.

Customers, too, were changing: many were going bankrupt, fuel prices hurt profits, and the global economy was changing their traditional trucking routes. The rapid expansion of big box retailers created entire new private fleets and needs all their own. The "irrational exuberance" of the time was about to end. Technology, too, required major investments and a change in core business processes. TIP would need the help of its parent company in a big way in order to meet these new challenges, but GE Capital was about to change dramatically as well.