

MONITOR EXCLUSIVE: PROFILE OF SUCCESS



# Right Place, Right Time: Channel Partners Protects Customer Relationships

BY PHIL NEUFFER

**When a business is recognized** as a top company for five straight years, something has to be going right. That’s exactly the case with Channel Partners Capital, which provides working capital loans to equipment finance customers by being a trusted — not disruptive — partner.



**BRAD PETERSON**  
CEO, Channel Partners Capital

**B**eing ranked in the *Inc.* 500|5000 is an honor. Doing it more than once is a little tougher. Just imagine how hard getting there five times would be. Actually, you don’t have to imagine. Fewer than 7% of the companies will return to the rankings five times.

Among this small percentage is Channel Partners Capital, which was named to *Inc.*’s prestigious rankings for the fifth-straight year in 2017. The provider of small business working capital loans works exclusively with equipment finance companies and has enjoyed considerable success since it was established in 2009. The hardware just proves that to potential customers. The company expects to make the *Inc.* 500|5000 for the sixth consecutive time in August 2018.

“That first *Inc.* 500, where we were No. 390, was a level of success that others could look at and say, ‘They must be doing something right,’” says Brad Peterson, CEO of Channel Partners Capital. “The subsequent years two through five hopefully say to our partners

that the stability and the consistency isn’t a flash in the pan. It isn’t a one-time deal. CPC built a business that’s sustainable and continues to be successful. We’re still an alternative finance product in the equipment finance world and in many cases still kind of looked at as a start-up. So having that track record and that image is extremely important to us.”

### Knowing the Industry

As an alternative finance company in the equipment leasing space, Channel Partners Capital knew it had to be built on deep industry knowledge from the bottom to the top.

First there’s Peterson, who previously worked with U.S. Bank and CAN Capital before helping to establish Channel Partners Capital. From those two previous posts, Peterson gained the experience he needed to be a provider of working capital to equipment leasing customers, which is Channel Partners Capital’s primary focus.

“During my days at U.S. Bank, I gained an intimate knowledge not only of specific leasing companies and how they operated but all kinds of different business models; how they originate and view credit; how they become successful,” Peterson says. “At CAN Capital, which really created the working capital product, I continued to work with equipment finance partners to integrate an alternative financing solution into their businesses. The product has evolved a lot since then, but in 2007 and 2008, my focus was on the mechanics of how it works and fits within different business models and different underwriting processes.”

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— Brad Peterson, CEO, Channel Partners Capital

Peterson isn't alone in his equipment leasing experience, as much of the executive team at Channel Partners Capital has significant time in the industry. Eli Sethre, CFO, was formerly SVP of Risk Analytics at CAN Capital. Adam Peterson, VP of sales and a co-founder, is on the board of directors of the National Equipment Finance Association. VP of Operations Brian Flynn ran the operations group for both U.S. Bank's Office Equipment Finance Group and GreatAmerica's Portfolio Services Group. Jane Schwartz, formerly the VP of National Marketing at TCF Equipment Finance, is now VP of Marketing at Channel Partners Capital. Adam Ohme, who spent several years as the lending manager for the Commercial Vehicle Group at Wells Fargo, is now a VP of Credit and CTO Drew Martin, whose team has developed CPC's platform, brings a strong technology background from PayPal, Adobe, HSBC and Algomi.

"We created a team that had equipment finance (specialty finance) experience because our partner is an equipment finance company and we need to be able to connect with them," Peterson says. "We know how their sales organizations work, we know how their business models work, and maybe most importantly, we know how their operations work internally. If you're going to work effectively with those companies, you really have to connect at the operation level where their credit people and funding people are working the transactions, and that's what we're really good at."

### Protecting the Customer

With long-established roots in the equipment finance industry, Channel Partners Capital focuses on maintaining and growing those connections. Since the company provides working capital loans as an add-on to already-established equipment finance relationships, there is a real need to trust that Channel Partners Capital is going to protect the customer. That is key to the company's operations, according to Peterson.

"Our philosophy is that 'your customer is always your customer,'" Peterson says. "There are many companies that do not respect the customer relationship like CPC, causing the equipment finance partner to potentially lose control of their customer. But we protect that customer relationship always. We know what's important to the equipment finance companies: their vendor relationships, their sales relationships, their business models that are proprietary. We understand and protect those relationships and we customize our processes to work within their models — not disrupt them."

### Right Place, Right Time

Similar to the way Channel Partners Capital is focused on maintaining trust and protecting the customer relationship, CPC recognizes it cannot be a disruptive force with regard to the sales process of its partner equipment finance companies.

Through its technology-backed ChannelXpress product, Channel Partners Capital becomes a seamless part of the sales process for its equipment leasing partner companies. The partner need only push a button to get approval for a working capital solution for

their leasing customer, which the salesperson can offer when it's appropriate and fits — right place, right time.

As an example, assume the equipment finance company is working on a forklift lease for a customer and has "pushed the ChannelXpress button," so the salesperson has a ChannelXpress approval in hand. When the salesperson is finalizing a deal for the forklift with the customer, they might ask what motivated the acquisition and/or how the forklift will be used. If the purchase supports expansion, the salesperson can offer access to a working capital line of credit to support

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growth. With this right place, right time offer from a trusted advisor, the customer will have access to working capital for inventory, receivables and/or hiring.

"ChannelXpress utilizes information our equipment finance partners already have and runs it through our proprietary models," Peterson says. "So our partners only have to push a button to get the working capital approval, and we haven't disrupted the salesperson. Now they can provide even more value to their customers by providing quick, easy access to additional financing if needed."

From the other side, Channel Partners Capital is able to support another customer known to be a good fit. Peterson notes the company specializes in better-quality credits while working as a short-term lender.

"Connecting at the point of an equipment sale is a good indicator a small to mid-size business is doing something to grow or expand their business," Peterson says. "That's not 100% of the cases, but we think that is absolutely the right time to be there offering the customer a working capital line of credit."

As equipment finance continues to grow — Peterson believes the industry will have a great year in 2018 — Channel Partners Capital clearly has a leg up, both in terms of success and visibility.

"Channel Partners has played a significant role in the evolution of the working capital product from 2007 through today, particularly in the equipment finance space. We've helped make it more of a mainstream product that fits all types of equipment finance customers," Peterson says. "Today we have substantial financial resources, and we're in a position, because of the financial strength and our operational capacity, to partner with any equipment finance company, large or small, to provide real-time working capital alternatives to their customers."

It just has to be the right place and time.

PHIL NEUFFER is associate editor of *Monitor*.