

# Learning to Merge



Spurred by mergers and acquisitions, the nation's largest truck fleets continued to focus on right-sizing.

By Daniel P. Bearth  
*Business Editor*

**F**or many commercial fleet managers, mergers and acquisitions are a simple, and constant, fact of life. Mergers happen for a variety of reasons, but it's up to fleet managers to make sure the process goes smoothly so there is no interruption in service for customers.

"You really want to plan well to make it a smooth transition for people using vehicles, who often have little direct involvement in the acquisition process," said Mary Kay Runyan, fleet vice president for ServiceMaster Co. in Memphis, Tenn. ServiceMaster ranks No. 11 on the LIGHT & MEDIUM TRUCK 2011 Top 100 Commercial Fleet list.

Before she joined ServiceMaster, Runyan worked at Coca-Cola Enterprises (No. 15), where she had a hand in preparing for a buyout of the Atlanta-based company and its fleet of 8,600 vehicles.

Runyan also worked for nine years at Waste Management Inc. (No. 7) as a procurement officer, fleet manager and head

of operations in Colorado, where she experienced firsthand the effects of acquisitions on the fleet.

"Waste Management was doing tuck-in acquisitions on a continual basis," Runyan said. "We got relatively good at preparing to transition vehicles."

If the acquired company has its own maintenance shop, there is usually little change, other than making sure all vehicles get the same standard of care.

"I'm a big believer in finding the right number of trucks to support customers," Runyan said. "Once an acquisition is made, you rebuild routes and work to get the right amount of equipment."

Runyan said it is important to bring maintenance and operational personnel together.

"When they are not pulled in," she said, "deals can be extremely chaotic and painful."

Whenever companies are acquired or merged, there is usually an expectation that significant savings can be achieved by consolidating fleet assets and adopting best practices.

The merger of Republic Services (No. 8) and Allied Waste



Bloomberg News

## M&As Change Top 100

**M**ergers and acquisitions are having a major effect on the shape and size of the nation's largest commercial fleets.

Many companies are taking advantage of the slowly recovering economy to acquire competitors weakened by the global recession over the past two years.

At the same time, industry experts said, consolidation trends continue to drive acquisitions of large and small companies as executives seek greater efficiencies in fleet operations and economies of scale in terms of equipment purchases.

Among the most active sectors in mergers and acquisitions in the past year is telecommunications, with the recent combination of CenturyLink (No. 9) and Qwest Communications and AT&T's (No. 2) current bid to acquire Germany's T-Mobile business in the United States.

Telecom fleets were added to the Top 100 Commercial Fleets list this year after they were previously on LIGHT & MEDIUM TRUCK magazine's Top 50 Utility and Telecom Fleets list.

Food and beverage companies also were quite

active in making deals.

PepsiCo Inc. (No. 3) bought out two of its largest independent bottlers in March 2010, and Coca-Cola Co. followed suit with the purchase of Coca-Cola Enterprises in October. Snack food specialists Snyder's of Hanover and Lance Inc. combined forces in December.

Canadian trucking company TransForce Inc. (No. 100) makes its first appearance on the Top 100 with its purchase of U.S.-based package carrier Dynamex Inc. The company also agreed in April to buy assets of DHL Express, Canada's domestic delivery business.

— Daniel P. Bearth



Bradley C. Bower/Bloomberg

Telecommunication fleets are included in the Top 100 for the first time.

Industries in December 2008 was expected to save more than \$150 million annually by 2011.

"They met that goal early, in the first year," said Bob Wallace, a former executive with Waste Management who now serves as principal of WIH Resource Group, Phoenix, and advises companies on mergers and acquisitions.

In the case of Republic and Allied Waste, Wallace said the most significant savings resulted from consolidating facilities and reducing the number of trucks and personnel needed to cover existing routes.

As separate companies, Republic and Allied operated 22,745 vehicles with 414 maintenance shops and 2,780 technicians. Two years after the merger, Republic Services operates 21,277 vehicles with 400 shops and 2,500 technicians.

A major hurdle in any merger and one that confronted Waste Management after smaller competitor USA Waste Services, Houston, took it over in the late 1990s, Wallace said, is overcoming resistance to change as the companies implement standard business processes.

### Analysis: Consolidation Continues

Even though the economy has picked up, the overall size of the largest commercial truck fleets continues to shrink as companies do more with less. An analysis of the Top 100 survey data appears on page 14.

"There was bad blood between managers on both sides," Wallace said of the deal that combined the upstart USA Waste Services with the industry leader Waste Management.

"USA Waste was the new company," he said. "Their managers didn't have as much experience, and now they were propelled to the top. So the old dogs had to play with the new dogs."

Fleet issues usually aren't the driving forces behind most mergers or acquisitions, but experts say it is critical for both parties to understand how the integration process will affect operations.

"One of the challenges is the willingness to recognize the other party's best practices," said Mark Smith, general manager of strategic consulting services for GE Capital Fleet Services, Eden Prairie, Minn. "It's important to be patient and open-minded. Typically, there are reasons why companies have adopted particular processes or approaches. It is important to understand the 'why' behind what companies are doing before consolidating and standardizing."

The merger of snack food makers Lance Inc., Charlotte, N.C., and Snyder's of Hanover Inc., Hanover, Pa., in December 2010, for example, triggered a decision to combine store delivery systems and to convert Lance's 1,100 company-owned delivery routes to an independent-operator structure Snyder's used.

"Migrating to a single model of distribution is a critical component of our merger integration," said David Singer, chief executive officer of Snyder's-Lance Inc. (No. 58)

The transition will occur market by market over the next

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# Analysis: Consolidation Continues



Even though the economy has picked up, the overall size of the largest commercial truck fleets in the United States and Canada continues to shrink as companies find ways to do more with less. An analysis of companies included in the 2011 edition of the Top 100 Commercial Fleets shows a decline of 0.4% in the number of straight trucks, pickups and cargo vans in 2011 compared to the prior year.

Based on data from 92 fleets with comparable data, fleets operated 608,491 commercial trucks in 2011, compared with 610,806 in 2010.

Looking ahead, the outlook is mixed, based on surveys and executives' comments about truck purchase plans.

A survey of 54 fleet managers in April and May shows that companies are planning to buy fewer straight trucks but slightly more pickups and cargo vans in the next 12 months than were purchased in the prior year.

Companies surveyed plan to buy 5,027 straight trucks in the next year, compared with 6,245 in the past year, a decline of about 20%. However, companies plan to buy 8,230 pickups and cargo vans in the next 12 months compared with 7,678 purchased in the previous 12-month period.

One fleet that is ramping up truck purchases is Staples Inc. (No. 81 on the LIGHT & MEDIUM TRUCK 2011 Top 100 Commercial Fleets list.) The company plans to add 250 straight trucks, including new electric-powered delivery trucks for some city routes. The company bought only 53 straight trucks

in the past year.

Advance Auto Parts (No. 27) is adding more cars and SUVs to its fleet. The company said it plans to purchase 700 straight trucks and 700 cars and SUVs in the next 12 months. That compares with 1,200 trucks and 327 cars and SUVs added in the prior year.

Lawn service provider Brickman Group (No. 97) said it will replace almost 500 light-duty trucks with gasoline-electric Toyota Prius vehicles for use by sales and branch managers and executives.

When asked about proposed changes in driver hours-of-service regulations by the Federal Motor Carrier Safety Administration, most fleet managers surveyed said it would have no effect on their operations.

Others said the changes would affect freight-hauling capacity and service levels.

A reduction in the maximum number of hours a driver can spend behind the wheel "may force additional drivers or shorter daily routes," said Eric Woods, vice president of fleet and logistics for Waste Management Inc.

Michael Ahart, vice president of transportation for Dean Foods Co. (No. 34), said proposed HOS rules could limit deliveries during off-peak hours from midnight to 6 a.m. and "significantly increase costs . . . as well as add to the congestion of what are already crowded expressways."

Fleet managers also were asked to comment on whether implementation of the Compliance, Safety, Accountability program has affected the way they manage drivers or maintain equipment.

Under the CSA program, federal highway safety officials use a combination of roadside inspection results, traffic violations and crash data to target enforcement efforts against fleet operators.

One out of three fleet managers surveyed (16) said the CSA program was having some effect on their operations.

"We are improving our driver assessment process and driver training," said Bill Koke-mor, fleet director for construction engineering firm Henkels & McCoy (No. 49).

"Forced us to take better care of equipment [and] do more preventive maintenance," said Thomas Wright, director of fleet for Inergy Propane LLC. ◉

— Daniel P. Bearth



Waste Management Inc.

# 2011 Top 100

# COMMERCIAL FLEETS

Rank	Company Name/Location	Type of Business	2011 Total Trucks	Straight Trucks	Vans and Pickups	Fuel Types	Maintenance Services
1	<b>UPS Inc.</b> <sup>1</sup> Atlanta	Package Service	85,050	85,050		Gas, Diesel, CNG/LNG, Hybrid, Electric	PM
2	<b>AT&amp;T</b> San Antonio	Telecommunications	62,153	16,027	46,126	Gas, Diesel, CNG/LNG, Hybrid, Electric, Flex Fuel	
3	<b>PepsiCo Inc.</b> Purchase, N.Y.	Beverage and Food	49,654	11,575	38,079	Gas, Diesel, CNG/LNG, Propane, Hybrid, Electric	
4	<b>Comcast Corp.</b> Philadelphia	Telecommunications	38,733			Gas, Diesel, Hybrid	Outsourced
5	<b>Verizon Communications</b> New York	Telecommunications	34,850	18,048	16,802	Gas, Diesel, Biodiesel, CNG/LNG, Propane, Hybrid, Electric	PM, EO, HD, APU
6	<b>FedEx Corp.</b> Memphis, Tenn.	Package Service	28,372	28,059	313	Gas, Diesel, Hybrid, Electric	PM, EO, HD, CM, EU
7	<b>Waste Management</b> Houston	Waste Services	24,338	19,640	4,698	Gas, Diesel, Biodiesel, CNG/LNG, Hybrid, Electric	PM, HD, CM, EU, DPF
8	<b>Republic Svcs.</b> Phoenix	Waste Services	21,277	18,390	2,887	Gas, Diesel, Biodiesel, CNG/LNG	PM, EO, HD
9	<b>CenturyLink Inc.</b> Monroe, La.	Telecommunications	18,752	395	18,357	Gas, Diesel	Outsourced
10	<b>Time Warner Cable</b> Stamford, Conn.	Telecommunications	18,000		18,000	Gas	
11	<b>ServiceMaster Co.</b> Memphis, Tenn.	Home and Business Services	16,400		16,400	Gas, Diesel, Hybrid	Outsourced
12	<b>Cox Enterprises</b> Atlanta	Telecommunications	13,200			Gas, Diesel, Biodiesel, Hybrid	PM, EO
13	<b>Cintas Corp.</b> Cincinnati	Uniform and Business Services	11,517			Gas, Diesel, LNG	PM, EO, HD
14	<b>Baker Hughes Inc.</b> Houston	Oil Field Services	9,524	1,667	7,857	Gas, Diesel	Outsourced
15	<b>Coca-Cola Co.</b> Atlanta	Beverage Bottler	8,600	2,600	6,000	Gas, Diesel, Biodiesel, Hybrid, Electric	PM, HD, CM
16	<b>Crop Production Svcs.</b> Loveland, Colo.	Agricultural Products	8,451	3,428	5,023	Gas, Diesel, Biodiesel, CNG/LNG	Outsourced
17	<b>MDU Resources Group</b> Bismarck, N.D.	Utility Construction, Energy Services	8,300			Gas, Diesel	PM, EO, HD
18	<b>Quanta Svcs.</b> Houston	Utility Construction	8,000			Gas, Diesel, Biodiesel, Hybrid	PM, EO, HD, EU
19	<b>Asplundh Tree Expert</b> Willow Grove, Pa.	Utility Vegetation Management Company	7,943	7,943		Gas, Diesel	
20	<b>Charter Communications</b> St. Louis	Telecommunications	7,450			Gas, Diesel	Outsourced

## SOURCES

Data for the LIGHT & MEDIUM TRUCK Top 100 list are derived from interviews with fleet managers, company documents and other sources, including safety inspection reports published by the Federal Motor Carrier Safety Administration.

**Research:** Karen Villar

The ranking is based on the total number of straight trucks, regardless of size, owned or leased and in some cases may reflect vehicles owned by independent contractors or franchisees.

Rank	Company Name/Location	Type of Business	2011 Total Trucks	Straight Trucks	Vans and Pickups	Fuel Types	Maintenance Services
21	<b>Rollins Inc.</b> Atlanta	Pest Control Services	7,230		7,230	Gas, Diesel	Outsourced
22	<b>Hostess Brands Inc.</b> Kansas City, Mo.	Bakery Products	6,720	220	6,500	Gas, Diesel	PM
23	<b>Oldcastle Materials Inc.</b> Atlanta	Construction Materials	6,701			Diesel	
24	<b>Kiewit Corp.</b> Omaha, Neb.	Construction/Mining	6,248	544	5,704	Gas, Diesel, Propane, Hybrid	PM, HD, EU, DPF
25	<b>The Schwan Food Co.</b> Marshall, Minn.	Food Products	6,234	6,234		Diesel, Biodiesel, Propane	PM, EO, HD, CM, EU, APU
26	<b>DirecTV Home Svcs.</b> Englewood, Colo.	Telecommunications	6,120			Gas, Diesel	
27	<b>Advance Auto Parts</b> Roanoke, Va.	Retail/Wholesale/ Auto Parts	5,919	14	5,905	Gas, Diesel, Hybrid	Outsourced
28	<b>Energy Transfer Partners</b> Dallas	Retail Propane Sales and Service	5,362	5,362		Gas, Diesel	Outsourced
29	<b>General Parts Inc./CarQuest</b> Raleigh, N.C.	Auto Parts	5,300	5,300		Gas, Diesel, Biodiesel	Outsourced
30	<b>Pike Electric</b> <sup>2</sup> Mount Airy, N.C.	Electric Contractors	5,200			Gas, Diesel	PM, EO, HD, CM, EU
31	<b>Belron U.S.</b> Columbus, Ohio	Auto Glass Repair	4,859	295	4,564	Gas, Diesel, Hybrid, Electric	PM, DPF
32	<b>AmeriGas Partners</b> Valley Forge, Pa.	Retail Propane Sales and Service	4,852	4,852		Diesel, Propane	Outsourced
33	<b>Granite Construction Co.</b> <sup>3</sup> Watsonville, Calif.	Construction	4,560			Gas, Diesel	
34	<b>Dean Foods</b> Dallas	Food Products	4,430	3,850	580	Gas, Diesel, Biodiesel	PM, EO, Ref
35	<b>Aramark Corp.</b> Philadelphia	Uniform Services, Food and Beverage	4,409	4,389	20	Gas, Diesel, Biodiesel, CNG/LNG, Hybrid, Electric	PM, EO, HD, CM, EU
36	<b>USIC Locating Svcs.</b> Carmel, Ind.	Utility Construction	4,253	4,253		Gas	Outsourced
37	<b>Davey Tree Expert Co.</b> Kent, Ohio	Tree Service	4,250	2,940	1,310	Gas, Diesel, Hybrid	PM, EO, HD, EU
38	<b>Norfolk Southern Corp.</b> Norfolk, Va.	Railroad	4,169			Diesel	
39	<b>ValleyCrest Landscape Cos.</b> Calabasas, Calif.	Landscaping	4,113	4,113		Gas, Diesel, Hybrid	PM
40	<b>Lowe's Home Centers</b> Mooresville, N.C.	Construction Supplies	4,170	4,170		Gas, Diesel	Outsourced
41	<b>Cablevision Systems Corp.</b> Bethpage, N.Y.	Telecommunications	3,951			Gas, Diesel, Hybrid	PM, EO, HD, APU
42	<b>Windstream Corp.</b> Little Rock, Ark.	Telecommunications	3,892	598		Gas, Diesel	Outsourced
43	<b>Airgas Inc.</b> Radnor, Pa.	Industrial, Medical and Specialty Gases	3,717	2,889	828	Gas, Diesel, Biodiesel, Hybrid	Outsourced
44	<b>Ecolab Inc.</b> St. Paul, Minn.	Business Services/ Pest Control	3,679	1	3,678	Gas, Diesel, Hybrid	Outsourced
45	<b>E.I. DuPont de Nemours &amp; Co.</b> Wilmington, Del.	Agricultural Products	3,652	3,147	505	Gas, Diesel, Biodiesel, Hybrid, Electric	Outsourced

#### FOOTNOTES

- 1 Data for UPS Inc. include worldwide operations.
- 2 Data for Pike Electric are for all motorized equipment.
- 3 Data for Granite Construction include tractors and trailers.
- 4 Data for Integrated Electrical Services include trailers and specialty equipment.
- 5 Data for TransForce Inc. do not include trucks from Dynamex Inc., acquired in 2010.

#### KEY

- PM:** Preventive Maintenance
- EO:** Engine Overhauls
- HD:** Hydraulics
- CM:** Contract Maintenance
- APU:** Auxiliary Power Unit
- DPF:** Diesel Particulate Filter
- EU:** Equipment Upfitting
- Ref:** Refrigeration
- CNG:** Compressed Natural Gas
- LNG:** Liquefied Natural Gas

Rank	Company Name/Location	Type of Business	2011 Total Trucks	Straight Trucks	Vans and Pickups	Fuel Types	Maintenance Services
46	<b>Ferrellgas LP</b> Overland Park, Kan.	Retail Propane Sales and Service	3,636	2,757	879	Gas, Diesel, Propane	Outsourced
47	<b>United Rentals</b> Greenwich, Conn.	Equipment Rental	3,632	1,195	2,437	Gas, Diesel	Outsourced
48	<b>Veolia Environmental Svcs.</b> Lombard, Ill.	Environmental Services	3,407			Diesel	PM, HD, EU
49	<b>Henkels &amp; McCoy Inc.</b> Blue Bell, Pa.	Utility Construction	3,389	1,295	2,094	Gas, Diesel, Hybrid	PM, HD, APU, DPF
50	<b>Ferguson Enterprises</b> Newport News, Va	Plumbing Supplies and Building Materials	3,363	1,606	1,757	Gas, Diesel	Outsourced
51	<b>Clean Harbors</b> Norwell, Mass.	Environmental Services	3,337	1,744	1,593	Gas, Diesel, Biodiesel	PM, APU, DPF
52	<b>Union Pacific Corp.</b> Omaha, Neb.	Railroad	3,294	3,294		Diesel	
53	<b>Purolator Courier</b> Mississauga, Ontario	Courier Service	3,273	147	3,126	Gas, Diesel, Hybrid	PM,
54	<b>LKQ Corp.</b> Chicago	Auto Parts	3,200	2,000	1,200	Gas, Diesel	PM, HD,
55	<b>HD Supply Inc.</b> Orlando, Fla.	Construction Supplies	3,095	1,763	1,332	Gas, Diesel, Biodiesel	Outsourced
56	<b>Cemex Inc.</b> Houston	Concrete and Building Materials	2,962	2,962		Diesel	PM, HD
57	<b>Brink's Inc.</b> Richmond, Va.	Armored Car and Security Services	2,939	2,939		Gas, Diesel	PM, EO, HD, EU
58	<b>Snyder's-Lance Inc.</b> Charlotte, N.C.	Food Products	2,900	2,900		Gas, Diesel	
59	<b>Inergy Holdings</b> Kansas City, Mo.	Propane Distribution	2,844	2,248	596	Gas, Diesel, Biodiesel, Propane	PM
60	<b>Garda World Security Corp.</b> Montreal	Armored Car	2,800			Diesel	
60	<b>UniFirst Corp.</b> Wilmington, Mass.	Uniform Services	2,800	2,800		Gas	PM
61	<b>Loomis Armored US Inc.</b> Houston	Armored Car Service	2,780	2,780		Diesel	
62	<b>Frontier Communications Corp.</b> Stamford, Conn.	Telecommunications	2,689			Gas, Diesel	Outsourced
63	<b>BNSF</b> Fort Worth, Texas	Railroad	2,660	2,660		Diesel	
64	<b>CSX Corp.</b> Jacksonville, Fla.	Railroad	2,600	2,600		Diesel	
65	<b>DS Waters of America</b> Atlanta	Bottled Water	2,566	1,950	616	Gas, Diesel, Propane, Hybrid	PM, EO, HD, CM, Ref
66	<b>Lincare Inc.</b> Clearwater, Fla.	Home Health Service	2,550	2,550		Gas	
67	<b>Compass Group</b> Charlotte, N.C.	Foodservice	2,440	2,440		Gas	Outsourced
68	<b>Michels Corp.</b> Brownsville, Wis.	Utility Construction	2,418	2,418		Gas, Diesel	
69	<b>MYR Group</b> Rolling Meadows, Ill.	Utility Construction	2,400	2,400		Gas, Diesel	
70	<b>Aaron Rents</b> Atlanta	Furniture Rental	2,198	2,198		Gas, Diesel	Outsourced
71	<b>Stanley Steemer Intl.</b> Dublin, Ohio	Residential and Commercial Cleaning	2,188	14	2,174	Gas, Diesel	Outsourced
72	<b>Apria Healthcare</b> Lake Forest, Calif.	Home Health Service	2,180	1,580	600	Gas, Diesel, Biodiesel	Outsourced

Rank	Company Name/Location	Type of Business	2011 Total Trucks	Straight Trucks	Vans and Pickups	Fuel Types	Maintenance Services
73	<b>Dr Pepper Snapple Group</b> Plano, Texas	Beverage Distribution	2,178	448	1,730	Gas, Diesel, Biodiesel, Hybrid	PM, EO
74	<b>Safety-Kleen Systems</b> Plano, Texas	Environmental Services	2,165	1,620	545	Gas, Diesel	Outsourced
75	<b>Star Gas Partners</b> Stamford, Conn.	Retail Heating Oil	2,087	990	1,097	Gas, Diesel	PM, EO, HD
76	<b>AlSCO Inc./National Linen Svc.</b> Salt Lake City	Uniform and Linen Services	2,066	2,066		Gas, Diesel	
77	<b>US Concrete</b> Houston	Concrete Products	2,032	2,032		Gas, Diesel, Biodiesel	PM, EO, HD, CM
78	<b>Nestle Waters N.A.</b> Stamford, Conn.	Bottled Water	2,026	2,026		Gas, Diesel, Biodiesel, CNG/LNG, Hybrid	PM, EO, HD, CM, EU
79	<b>Scotts Miracle-Gro Co.</b> Maryville, Ohio	Business and Home Services	1,983			Gas, Diesel	Outsourced
80	<b>Wilbur-Ellis Co.</b> San Francisco	Agricultural Products	1,965	757	1,208	Gas, Diesel	PM
81	<b>Staples Inc.</b> Framingham, Mass.	Retail and Delivery	1,916	1,884	32	Gas, Diesel, Biodiesel, Electric	Outsourced
82	<b>ABC Supply Co.</b> Beloit, Wis.	Building Materials	1,911	1,836	75	Diesel	PM
83	<b>G&amp;K Svcs.</b> Minneapolis	Uniform Services	1,900			Gas, Diesel	PM
84	<b>Suburban Propane Partners</b> Whippany, N.J.	Retail Propane Sales and Service	1,779			Diesel	Outsourced
85	<b>Prairie Farms</b> Carlinville, Ill.	Dairy Products	1,771	1,493	278	Gas, Diesel, Hybrid	PM, Ref
86	<b>AmeriPride Svcs.</b> Minnetonka, Minn.	Uniform Rental	1,760			Gas, Diesel, Biodiesel, CNG/LNG, Hybrid	Outsourced
87	<b>RSC Equipment Rental</b> Scottsdale, Ariz.	Equipment Rental	1,654	1,654		Gas, Diesel	PM, EO, EU
88	<b>Integrated Electrical Svcs.<sup>4</sup></b> Houston	Wholesale Distribution	1,600			Gas, Diesel	Outsourced
89	<b>CHS Inc.</b> Inver Grove Heights, Minn.	Energy, Agricultural and Food Products	1,592	1,592		Gas, Diesel	PM, EO, HD, CM, EU
90	<b>Sunbelt Rentals</b> Fort Mill, S.C.	Equipment Rental	1,553	1,553		Gas, Diesel	Outsourced
91	<b>Acme Truck Line</b> Harvey, La.	Oil Field Services	1,535			Gas, Diesel	Outsourced
92	<b>Southern Wine &amp; Spirits</b> Miami	Beverage	1,500			Gas, Diesel	
93	<b>Sprint Nextel Corp.</b> Reston, Va.	Telecommunications	1,480			Gas, Diesel	
94	<b>Bimbo Bakeries USA</b> Horsham, Pa.	Bakery Products	1,472	1,472		Gas, Diesel	
95	<b>Tyson Foods</b> Springdale, Ark.	Food Products	1,448	114	1,334	Gas, Diesel	PM, Ref, APU
96	<b>Lewis Tree Svc.</b> Rochester, N.Y.	Tree Service	1,436	1,436		Gas, Diesel	PM, HD, EU
97	<b>Brickman Group Ltd.</b> Gaithersburg, Md.	Landscaping	1,424	1,424		Gas	PM
98	<b>Dunbar Armored Inc.</b> Hunt Valley, Md.	Armored Car	1,350	1,200	150	Gas, Diesel, Biodiesel	PM, EO
99	<b>NPL Construction Co.</b> Phoenix	Pipeline Construction	1,336	826	510	Gas, Diesel	Outsourced
100	<b>TransForce Inc.<sup>5</sup></b> St. Laurent, Quebec	Courier Service	1,294	182	1,112	Gas, Diesel, Propane	PM, EO, Ref

# 2011 Top 100 COMMERCIAL FLEETS

(continued from page 13)

12 to 18 months and is expected to increase profit margins by 2.5% to 3% by boosting sales and lowering costs.

Singer said the independent operator-based system helps “to strengthen our sales relationships with our customers, which will result in accelerated growth [and] is less capital intensive than a company-owned system.”

It can take between three and 12 months to fully implement a plan to integrate operations following a merger. It makes sense for some companies to combine fleets and consolidate equipment purchasing and maintenance activities, but that is not always the best choice.

GE’s Smith said it also can make sense to keep some operations separate, based on such factors as size, product line, geographic coverage, customers, agreements with vendors and brand identity.

In about 30% of mergers and acquisitions, Smith said, companies continue to run separate fleets after a deal is done.

Distribution was a critical element in two recent deals involving snack food companies: the purchase of the Pringles snack food business from Procter & Gamble Co., Cincinnati, by Diamond Foods Inc., San Francisco, and the Flowers Foods’ purchase of Tasty Baking Co., said Rick Shea, a former vice president of marketing for George Weston Bakeries.

“Companies are looking for scale in order to drive lower costs and increase their leverage and positions in the snack food aisle,” Shea said in a commentary posted online by Seeking Alpha, a stock market blog.

George Deese, chairman of Flowers Foods, Thomasville, Ga., said that adding Tastykake’s 413 independent sales distributors in the Northeast to an existing network of 4,000 distributors in the South and Southeast “provides a platform for further profitable growth.”

For most companies, acquisitions are seen as opportunities to expand geographically by acquiring smaller operations in new areas.

Southern Wine and Spirits of America Inc., Miami, used a combination of internal growth and acquisitions to expand its liquor distribution business from South Florida to 32 states and a fleet of 1,500 vehicles.

Chairman Harvey Chaplin said the company’s growth has allowed it to provide better service at a lower cost while retaining local market expertise. “They know the local market because they live and work there,” he said.

“Acquisitions have been the growth catalyst for Ferrellgas [No. 46] for more than 40 years,” Stephen Wambold, president of Ferrellgas Partners in Overland Park, Kan., said when he announced the acquisition of a retail propane company based in western Pennsylvania in October 2010.

Ferrellgas has made more than 225 acquisitions and grown from a single-location retailer to a company with more than 1 million customers in 50 states, the District of Columbia and Puerto Rico.

Likewise, Inergy LP (No. 59), Kansas City, Mo., has completed 89 acquisitions since 1996, including New Jersey-based Liberty Propane in January 2010 and, more recently,

Pennington Gas Service in Morenci, Mich., and Schenck Gas Services in East Hampton, N.Y.

“These transactions represent an attractive strategic opportunity,” said John Sherman, president. “We are greatly expanding our presence in our core Northeast and mid-Atlantic market areas, as well as establishing a new footprint in the attractive western U.S. propane market.”

Mike Abrams, director of fleet services for Ferrellgas, said most acquisitions can be absorbed easily by the existing fleet infrastruc-



Ferrellgas Partners

*Ferrellgas maintains a pool of new vehicles to use as quick replacements for older units.*

ture, but a large acquisition or one in which a significant portion of the fleet is old or in poor condition can affect maintenance spending and budget projections for replacement vehicles.

To determine the optimal time for replacement, Ferrellgas monitors age, mileage, expenses and utilization of its entire fleet. This information is used to forecast needs and to maintain a pool of new vehicles in inventory.

“We don’t deploy new vehicles until they are needed,” Abrams said.

By keeping a pool of new vehicles on hand, the company is able to deliver trucks immediately after breakdowns or accidents rather than waiting four to six weeks for a new truck to be built, Abrams said. The process also eliminates the need for field managers to keep “spare” trucks around, allowing the company to shrink the overall size of the fleet by 1% to 2%.

“This has allowed us to get better use of our assets,” Abrams said. ◉