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Incentive for succession

Growth will lead to ownership shift for Doering Leasing

By [Eric Decker](#) , of SBT

Doering Leasing Co., a fleet leasing company based on Milwaukee's northwest side, has created an incentive plan for its vice president of sales that may eventually help him buy the company, if he can meet and exceed sales goals.

Doering Leasing has been owned by the Doering family in one form or another since 1924. The company is now held by Joseph W. "Chip" Doering III, its president.

Doering hired Adam Berger, vice president of sales, about five years ago. Since his hire, Berger has helped develop new accounts and lease programs for the company, and Doering wanted to create a way that would best retain his services.



"I needed to handcuff him here – I wanted to keep him," Doering said. "And (Berger) didn't want to do all of the work (of growing the company) without getting the reward. That's where the discussion started."

The plan that Doering and Berger agreed upon and entered into in late December granted Berger a starting number of shares of Doering Leasing Co. As the company's revenues grow over time, so will the number of shares that Berger holds within the company.

"The model is the same we use for our sales people," Doering said. "The more he creates, the more he makes of it."

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SUCCESSION PLAN Adam Berger and Joseph W. "Chip" Doering III, vice president of sales and president of Doering Leasing Inc., recently created an incentive plan for Berger to gradually gain ownership of the company.

The agreement also has given Berger the first option to purchase Doering Leasing Co. when Doering decides to sell it.

"(Working here) has turned into one of the best decisions I've made," Berger said. "It suits my goals. And Chip has created a company where every person drives their business. They're entrepreneurs in their division."

Although the compensation plan gives up shares in his company, Doering believes that it will help create a stronger, larger and more profitable leasing company for the future.

"I would rather own half of a \$100 million company than 100 percent of a \$20 million company," he said. "I want what's best for the firm. And I think it's a fairness issue for employees as well."

Berger's percentage of ownership will take time to build, Doering said. Based on the company's current growth curve, it may take as long as 15 years to build a 50 percent stake in the company.

"But 10 (years) is realistic," Doering said.

Doering Leasing has 10 employees now, three of whom were hired in the last 18 months, Doering said. Two of the company's new employees have been hired to launch new service divisions - vehicle wholesaling and a mobile service department.

Previously, Doering utilized a wholesaling service to liquidate lease-expired fleet cars, vans and trucks. The company's new wholesale division, which it can use to deepen relations with the dealers it has bought cars from for many years, is run by Carl Riesk, who was hired in late December, 2007.

"Carl was one of our wholesalers who would buy a lot of cars from us," Berger said. "We have a model, Chip and I, that when we find the right person, we'll find a position for them. When (Carl) became available, he started the wholesale division for us."

With its own wholesale division, the company's cars are sold at auction and have turned into another revenue stream for the business.

The company's mobile service department is designed to allow customers to focus on their jobs instead of vehicle maintenance.

Doering Leasing had about 5-percent revenue growth last year, down from its previous averages of 15 percent for the prior four to five years, Doering said. The company's new divisions, Berger's incentive plan and the hiring of a new sales staff have both Doering and Berger thinking sales will increase this year, even though many in the automotive business are having difficulties.

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“The goal is now 25 percent (growth) per year for the next three years,” Berger said. “For us, it’s a matter of re-focusing on new sales and fresh people.”

To help fuel that growth, Doering Leasing is looking for additional sales staff now. However, finding salespeople who are qualified and experienced in leasing can be a challenge, Doering said.

“We become an advisor,” he said. “We deliver industry knowledge so that (customers) can structure their fleets effectively, and we teach them to finance them properly.”

The company may also boost its sales and revenues through an acquisition. Last year, Doering Leasing looked at two potential leasing companies that were for sale, but did not actively pursue them.

“We’re actively looking,” Doering said. “There aren’t a lot of good fleets for sale. If they’ve done well, they’re a good business and people want high prices.”

About Eric Decker

Eric Decker is a reporter with Small Business Times, covering banking and finance, mergers and acquisitions, private equity investment, manufacturing and related fields. Eric is a 1998 graduate of the University of Wisconsin-Milwaukee. Contact Eric by emailing him (contact information below). News can also be sent to Eric Decker, Small Business Times, 126 N. Jefferson St., Ste. 403, Milwaukee WI 53202.



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