

# Dealer Profile

By Terry M. Evans  
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Being dedicated to the principles and concepts of one's business is an admirable quality, but an auto-leasing entrepreneur in Arlington has carried it to new heights.

Mike Hernandez, III, president and co-owner of D&M Leasing has neither bought nor sold a car in his life. He said he leased a car from D&M when he graduated from Texas A&M in 1963 and was shortly thereafter offered a job as a leasing agent. His determination to spread the word about the rationale of auto leasing has brought him much success in a business that has historically been misunderstood, or sometimes even feared.

"We try to sell the concept of leasing rather than a particular vehicle," says Hernandez. "It doesn't make any difference to us what make or model of car a customer wants — we can get it and set up a lease with the best terms available."

Hernandez explained that his agents work with computers that not only show the price of a car the customer is interested in, but also compare rates from as many as eight different funders. Also, due to the volume of business done, customers benefit from special volume-rate incentives.

Along with the 14 agents at D&M Leasing, which has offices in Arlington and north Dallas, Hernandez has watched the volume grow.

"When I first went into leasing,

we were doing about 40 cars per month," Hernandez said. "Now, we lease 150 to 175 per month. Leasing has developed unbelievably. Now, automobile dealerships, even manufacturers, are catching on to it. Leasing has consistently become more and more acceptable."

Hernandez won't try to say that leasing is right for everyone. For about 30 percent of the public, it just doesn't make sense, he said. Those are the people who buy a car, pay it off and keep it for extended years before trading — usually those who put relatively few miles on one.

"Those people need to continue buying their cars and we'll be the first to tell them so," Hernandez added. "Also, people who are into saving money by purchasing used cars are right to continue doing so. Buying a used car makes sense as long as they understand they will still have some depreciation and they'll sacrifice warranties — and if they are mechanically inclined enough to know they're getting a good one. If they end up putting as much money into a car for repairs as they would into payments, then they've discovered the disadvantage of buying used cars."

Hernandez said he truly believes that leasing makes good sense to the seven out of 10 people who never actually own their vehicles. Those people who finance their cars and don't have the notes paid off before trading for new ones are better off leasing.

If that sounds familiar, it's no accident. Hernandez is the one who writes the radio commercials for D&M Leasing.

"I'm talking from the heart, here," he said. "People who believe they are building equity by purchasing their cars should consider what they're investing in. If you invest \$4,000 in a down payment, you may or may not get that amount when you trade. Since there's no down payment on a lease, you could take that \$4,000 and put it into something that will actually appreciate, like a CD (Certificate of Deposit).

Born in Brownsville, Texas, Hernandez moved with his father and mother to Arlington when he was 13 years old and says that his parents taught him to be conservative and to do what was right.

David Moritz has continued that attitude, added Hernandez. "When I realized that, I realized I was right at home here," he said. "Business requires hard decisions and I've found that if someone does something that's not right, the deal never works out the way he wanted and it always comes back to haunt him."

D&M Leasing draws its name from the combination of Don Davis (Oldsmobile) and David Moritz (Cadillac/Saab). The leasing business originated as a branch of Moritz Cadillac and combined with Davis in 1979 in order to offer any make and model of auto that customers wanted.

Instead of trying to move cars through sales and leasing, D&M maintains an on-site inventory of Hondas, which are their most popular cars. There is showroom access to any cars Davis and Moritz handle and leasing access from other dealerships.

"Sixty percent of our business is repeat and referrals," Hernandez said. "Forty percent comes from the commercials we run. Part of the reason for that is it's not a hassle to lease a car from us. When you call here, you deal with one agent who doesn't have to refer you to other people or consult with anyone else."

Hernandez explained that each customer has two options at lease-end. They can toss the keys on the agent's desk and walk away or they can buy the car they've had four years (typically) to get to know. Everything is agreed upon at the



Fourteen leasing agents are on hand to serve customers. Shown above is the Arlington team.

outset, including the purchase-option price. If, say, the leasing agent determined that the auto should be worth \$7,000 when the lease ends, but it turns out that it's only worth \$5,000, the customer should consider that, had the car been purchased at the outset, there would have been a \$2,000 loss. Should that same car be worth \$9,000, the increased value is obvious.

In the meantime, customers find the relationship with D&M Leasing to be rewarding in some very tangible ways. Hernandez said each lease agreement includes roadside services typical of an auto club. Whether you have a flat tire, run out of gas, lock your keys inside or break down completely, you're not alone as long as you've got a phone to call a 24-hour number. The services are free to D&M Leasing customers.

The company also maintains a fleet of courtesy cars so that when customers find their autos in the shop for extended periods of time they won't be stranded.

However, Hernandez said that no matter how many great ideas

and services a company has, if it doesn't have quality people dealing with the customers everything else means nothing.

"The main reason for the success of this company is that we have great people working here," Hernandez said. "Our turnover is mini-

mal. More than 50 percent of the people here started about the same time I did, and that's almost unheard of in the car business.

"What I try to do is surround myself with people who have the same philosophy that I, Davis and Moritz do."



With offices in Arlington and Dallas, D&M Leasing offers automobiles of all makes and models.



Mike Hernandez, III, (above) is president and co-owner of D&M Leasing.