TOP FIVE TIPS FOR EFFECTIVE CAR FLEET MANAGEMENT

sgfleet’s Peter Crabtree looks at what organisations can do to optimise their fleet to match the needs of the business.

Are you experiencing challenges in managing your fleet risks and costs? If so, here are our top five tips on how to get it right:

1. Establish a robust fleet policy
Having a clear written policy makes for a good start. Some areas to consider are:
- Who is entitled to a car and what are their needs?
- How do you want to differentiate between different hierarchical grades and their entitlements?
- What vehicles are appropriate to meet the needs of the business and the driver?
- What is more important to your organisation: a wide choice of vehicles, reduced costs or both?
- Do you use a whole of life cost methodology to measure the true cost of a vehicle? Rentals are not enough.
- What is the appropriate retention period and mileage?
- How do you manage differing mileages across each driver? Mileage pooling may lead to some unwanted trends.

A professional fleet management company can help to design a fleet policy suited to your company’s needs. A review of the wide variety of businesses and policies available confirms that there is no single policy that would be best practice for every company.

2. One size doesn’t fit all
How will the vehicles be used? Which elements of the staff population are essential business drivers and which elements are perk car drivers? How important is a wide choice of vehicles? A wide choice will make employees happier, but can be costly for your company if not implemented correctly.

A well-designed salary sacrifice scheme eliminates any scheme risk or liability for the employer — one where employees take the car with them if they leave the company. By using such a scheme alongside a traditional company car scheme, you can simultaneously widen choice and reduce costs.

3. Risk management
Having mobile staff can create complex situations and unforeseen risks. Some things to consider are:
- Your duty of care to staff that travel as part of their job.
- The use of “grey fleet” vehicles may seem attractive. However, your responsibilities remain the same and you will have limited controls over how you manage these responsibilities. Mileage re-imbursement can also become a significant cost.
- Driver safety training and driver behaviour are part of your duty of care obligations. Are you satisfied that just having a policy is enough to mitigate against any risks or do you need a pro-active programme to fully meet your obligations to employees?

4. Strategic fleet management
Any organisation operating a fleet in excess of 50 vehicles should look at its fleet in a strategic manner. This requires much more than just procuring vehicles cheaply. Operating costs are a very significant component of total costs so a strategy is needed to pro-actively address potential challenges. Keeping fully abreast of developments in fleet management will help optimise that strategy.

For example, a strategic fleet management approach requires active monitoring of accident rates, how these compare to market averages, and how they can be reduced. Does your company have the capability to do this in-house and does it make sense economically? Or will an external specialist partner improve both fleet management and cost efficiency?

5. Choose the right partner
If having a dedicated in-house professional fleet manager does not make sense, selecting a partner that understands the fleet needs of your business is very important. There are two options in this regard:
- Appointing a combined fleet management and leasing company, or
- Appointing a fleet management company that breaks out the finance to several leasing companies (often referred to as a panel arrangement).

While the latter option may seem attractive at first glance, it does carry a number of hidden costs and risks, such as dilution of buying power, having to deal with multiple suppliers, contracts and invoices, finance commissions and the inability to effectively manage mileage.

At a time when cost control remains a priority, but employment markets are warming up, your approach to fleet management can yield significant opportunities for cost reduction and at the same time improve your ability to attract and retain staff.

Working with a strategic fleet management company such as sgfleet will create significant and immediate value-add in terms of managing your company car fleet. To demonstrate how, we can undertake a free of charge fleet review against your stated goals and clearly set out a more efficient way to achieve them.