



Driving down costs

Fleet management is a major concern for many government agencies. Jim Burrell explains the best way to go about it...

Managing a fleet of vehicles sometimes gives the deceptive impression that it is a straightforward undertaking. However, achieving success with huge budgets that are often involved in the 'fleet car colossus' is no mean feat, so looking for guidance from specialists could be the shrewdest business choice.

The way to tackle it is to see it as a form of asset management. Essentially, your cars are your asset, so considering all the options available with the view of reducing costs, is the best way to manage that asset. This is the key message to remember: bringing in outside suppliers does not necessarily mean greater expense.

It is important to iterate from the beginning that differentiating between public and private, in terms of fleet management, may limit adoption and adaptation of best practice techniques. Your drivers are effectively your customers and resourcing them is paramount. Driving down costs, while maintaining a smoother operation must be the aim regardless of public or private initiatives.

Utilising the private sector

The immediate benefit is the fact that public sector business can tap into a wealth of experience. Assessment and implementation of techniques can be talked through almost like consultation. The public sector should view outsourcing to the private sector as empowerment. Why not utilise the expertise available and save yourself money at the same time? In no way must it be seen as avoiding responsibility, but see it more in terms of astute business management.

This is not to say that all fleet management need be outsourced. Core competencies such as model selection, replacement cycle and driver contributions are better handled in-house. But because cost effective use of resources should always be under scrutiny, lower-level functions such as maintenance management, fuel expense cards, accident management and short and long term rental requirements should be handed over to those companies that specialise in these areas. The public sector fleet manager need not be inundated with marginal costs such as taxation, wear and tear maintenance and valeting, this will be handled by the supplier.

Allowing outsourcers to handle the day-to-day customer service with the drivers, whether it is for maintenance, or general queries will provide necessary respite for the fleet manager. Being the mediator between a driver and the required service he/she needs takes time. To enable the driver to speak directly to the necessary specialist will facilitate a more efficient fleet.

Other benefits public sector fleets will achieve are:

Flexibility of fleet – The fleet manager can operate from a greatly enhanced network and the sheer number of vehicles that are available

Cost, time and administration savings – The fleet manager can purchase vehicles on a need only basis and the pool cars can be hired in when required

Maintenance organisation – the fleet manager is relieved of the time consuming constraints that dealing with bodyshops and dealerships bring, when maintaining a large number of vehicles. The procurement group will already have a good working

relationship with repairers and dealers, which can safeguard against unnecessary work being carried out and accessing a network of quality standards.

Outsourcing success

"One outsources to a specialist, precisely because they are a specialist. It allows you to get on with your core business, rather than getting bogged down in peripheral activities that will waste precious time and money", says Eric Hopp, UK Sales Director at Enterprise.

This philosophy has seen Enterprise win a competitive tender to be sole provider of vehicles for the police in the Southwest. It requires maximum response with the minimum of notice, and Eric Hopp comments, "This is where short-term rental really benefits. Having the ability to increase fleet capacity at short notice with the minimum of cost". This is further enhanced when the supplier has a strong network of branches throughout the country.

National events, staff training courses or any other transportation needs requires the flexibility of different models of vehicles, not just cars. Enterprise provides light commercial vans and even mini buses for this purpose, thus cutting down on unnecessary fuel claims and unnecessary risk, therefore reducing costs. Being able to hire vehicles to cope with the short-term strain dramatically reduces administration.

Over the last couple of years public sector expenditure has needed to become more transparent and the public, quite rightly, are taking a close interest in where and how their money is being spent. Auditing happens on a regular basis and if such investigations reveal capital standing still for long periods of time, lost revenue would cause concern.

Conversely, if utilisation can be controlled as tightly as a needs only basis, then money is being saved. It becomes a win-win situation and it is in public interest at the same time.

Ministry of Defence (MoD)

Over the last two years Enterprise has forged closer links with the Ministry of Defence. The MoD has felt the huge cost saving impact that outsourcing has brought.

While the current contract is increasingly operating a national basis, centralised reservations have been a key to providing the optimum customer service required for the MoD to fully benefit.

Warrant Officer (class 1) Mir Zaman of the MoD says, "A key differentiator that an outsourcing specialist must provide is an in-depth knowledge of its customers' requirements. It would be counter-productive for me to ring into a branch and constantly have to explain my circumstances; the team of dedicated account handlers is ideal. A seamless service is crucial, like an extension of our own business".



Eric Hopp says, "the MoD fleet, as with any partnership, has been developed to match the required needs. We recognise the individual business profile of an account and match the requirements. Providing both long-term vehicles as well as overflow vehicles has given us a great opportunity to show our expertise".

"This has seen solutions to issues as diverse as 'providing the right vehicle' to the old chestnut of 'overcoming bureaucratic difficulties'. Daily correspondence keeps us abreast of what is happening day-to-day and also gives the service a much-needed personal touch. The MoD's reservations have been centralised and the operational mechanics of the contract have been individually tailored to suit their needs".

Planning for the future

Whatever procurement group is chosen, sitting down at regular intervals and weighing up the needs is important. Without this form of evaluation, benefits are hard to measure. Also determining cost is essential, but value for money is the only criterion on which to calculate.

Where successful partnerships are forged and mutually beneficial services employed the public's best interest remains firmly in mind. Our ability to deal with high volume/low value issues makes for economies of scale that cannot be matched by the MoD or police forces, and neither should they be expected to.

Looking at the big picture, fleets are becoming an increasingly emotive topic. Car taxation based on CO₂ emissions and the fact that smaller engine cars are often more environmentally friendly, are just two of the issues that complicate fleet management, but must be seriously considered.

The most important point to bear in mind is that where there may be policies of best practice and the pursuit of minimal costs throughout the public sector, all options should be considered. If that means developing a working relationship with private sector specialists then the public ultimately wins.

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