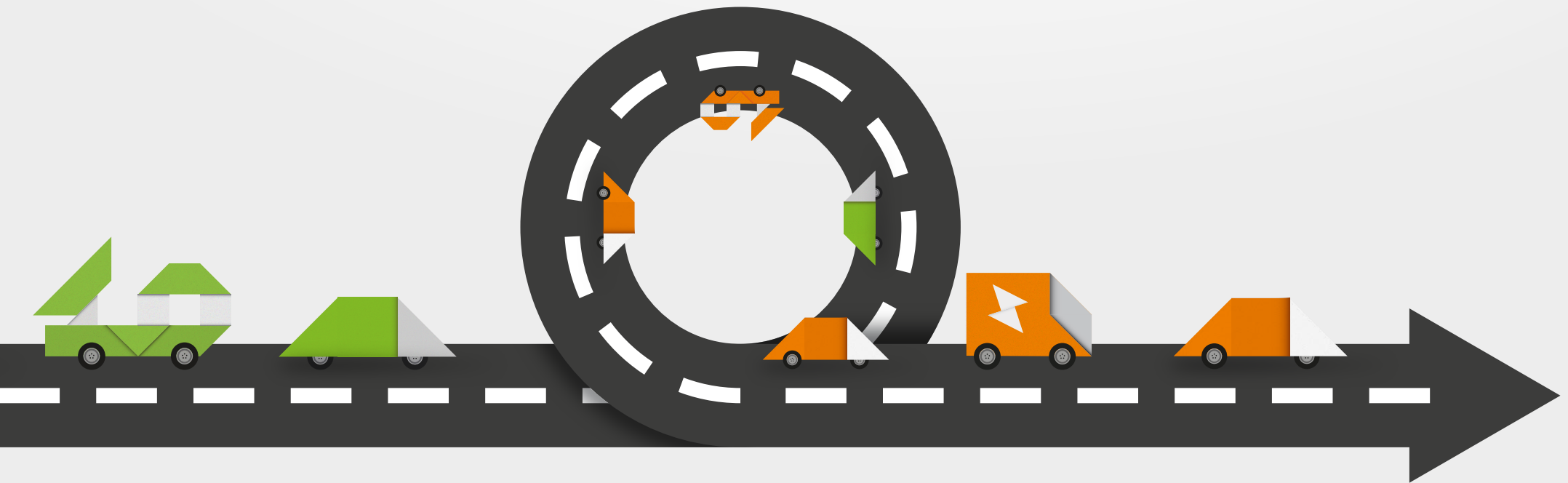


YOUR FLEET RENEWAL GUIDE

EXPERT SHORTCUTS TO HELP YOU GET
A FLEET THAT'S TRULY FIT FOR PURPOSE



Introduction

There's no such thing as business as usual when it comes to your fleet. That's because in business, nothing stands still.

So the fleet that was created to serve your business way back when should look very different as your company plans ahead: legislative changes, sharp competitors trying to get ahead, exciting opportunities in new markets, potential cost savings from the latest developments in technology, not to mention changing employee expectations...

That's a whole lot of change. If you haven't reappraised your fleet management strategy since you last renewed your contract, chances are your fleet won't be delivering maximum value for your business. Putting your fleet contract out for tender is a chance to take a fresh look at exactly what your business needs and how your fleet can support those objectives.

Sounds simple? The challenge is to do more than just assess what you've had in the past. Simply sign up for 'same again' with your current provider and you're missing a chance to know (not just hope) that you're signing up for a fleet that's fit for purpose based on your future, as well as your current needs. You need a fleet that can keep pace with changes both in your business and in the fleet management market.

In this guide we're going to focus on the five critical areas that will make sure you're always evolving your fleet profile, as well as assessing the support you need to optimise your fleet on an ongoing basis.

Stick or twist? Start over or simply reshape what you've already got? We'll help you make an informed decision.

Let's get started.

A Mission of Discovery

Find out what you need

The right fleet isn't always the one you think you want. It's the one you actually need. Which vehicles will make lightest work of your deliveries, and stand up to maximum on-road time? What happens if you change your cash allowance a bit? Do a thorough, independent assessment of your requirements to start. Then build a new fleet model around it.

Work out if you deserve better

Cutting costs may be an important factor in renewing your fleet. But your ambition should go beyond shaving a few percent off your baseline. The goal is a fleet that's built around your needs. Have you ever thought of yourself as a:

Which one sounds like you? Your spot on this matrix will dictate your need for support on a range of issues:

1. Fleet Optimisation
2. Commercial Fleet
3. The Environment
4. People and Benefits
5. Tax and Funding
6. Cost Reduction
7. Technology
8. Safety & Risk

| | | Fleet Purpose | | |
|------------------------------|------------------------------------|---|---------------------|---|
| | | Critical Commercials | Business Workhorses | Perk Players |
| Fleet Management Application | Transformational Outsourced Driven | OUTsourcer Focused on a partner for non-core activities | | PERK MANAGER Keen for advice on staff reward and retention |
| | Transactional Driven | EXPERTISE SEEKER Support to optimise my fleet | | PERK EXPERTISE SEARCHER Want the latest insight into attractive features to delight your valuable staff |

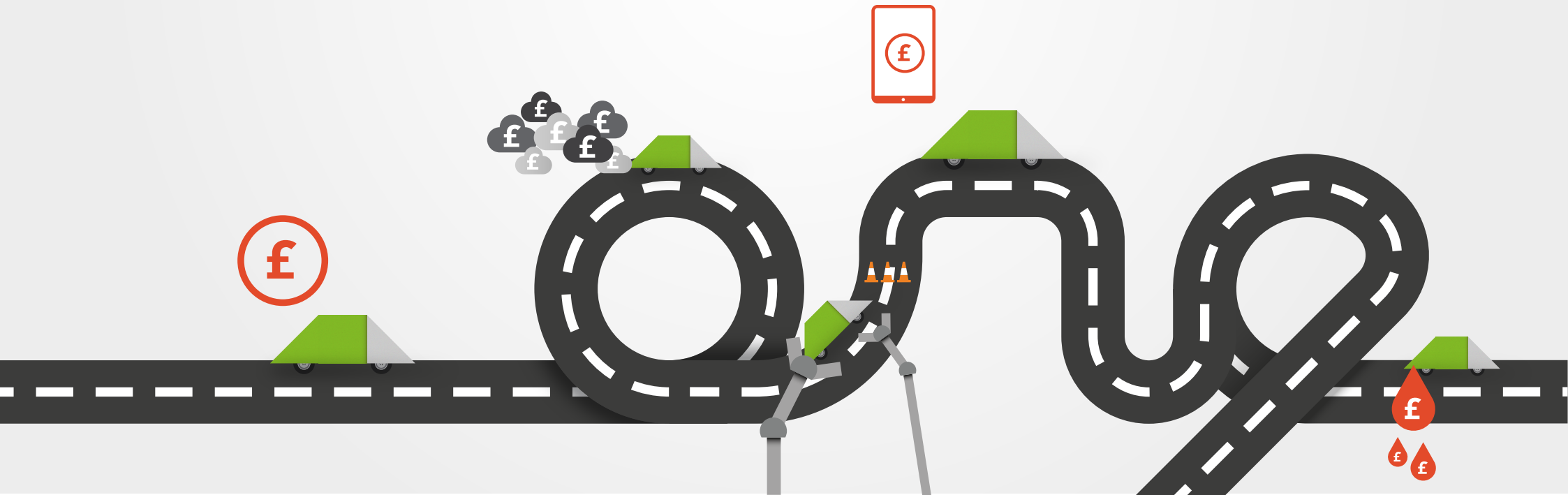
Understand the difference between cost and value

You want maximum value when it comes to your fleet costs. In other words, cost counts. But you should be suspicious of the promise of big cost cutting upfront. What's important is intelligent, responsive cost optimisation that supports your business, your team and your values. Price isn't the same as whole life cost and total cost of ownership. And those low, low upfront figures are rarely as good as they look.

So here are the five ways to work out what kind of fleet you need and whether you're currently getting it.



1. Understand your true cost-control objectives



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Making savings on your fleet costs is likely to be at the top of your list when the time comes to review your current fleet provision. Cost control should be a key factor in any fleet – whether we’re talking commercial vehicles or passenger cars, or a mixture of both.

If you set out to make fleet savings in your last negotiation, then it makes sense to assess if they’ve been realised before you ask for the next 10% off.

There’s nothing wrong with seeking a reduction on your current expenditure but you need to understand if the savings are real. The goal is to make sure the top line figure will be delivered over the course of your next contract.

Whole Life Cost, not headline savings

The figure that you pay to get your fleet on the road is made up of multiple interconnected Capital Expenditure, Operational Expenditure and other associated cost variables. Cutting a cost in one area can actually trigger a higher cost somewhere else. Wait – you’ve funded your fleet through outright purchase? Same applies – you need a holistic picture of all interdependent costs before you can make an evaluation of what your true fleet cost is.

If you’re not familiar with running a fleet on a day-to-day basis, you may not even be factoring in all of the costs from services that you’ll need to keep your vehicles roadworthy. Regular maintenance and repair, MOT and tax provision, fuel cards, telematics devices, specialist commercial repair centres – all these costs can actually lower your total spend if they’re activated as an intelligent solution, in line with your overall fleet objectives.

On the other hand, you can expose yourself to hefty fines from your customers if you don’t have the vehicles to deliver your products on time. That’s why you need to make sure that your fleet partner can not only optimise your costs, but support your business-critical requirements too.

What this highlights is the need to keep your fleet management costs as flexible as you can. It also shows that the arrangements you made last time round will almost certainly need reviewing to ensure they still meet your financial objectives today.



Fleet Renewal Checklist

Don’t confuse single costs (the monthly contract hire price per car, for example) with your total fleet costs. Whole Life Cost is what really counts. It’s made up of eight different, interconnected costs – [you can read about them in this handy ebook.](#) ›

2. Ensure fleet strategy supports today's business realities



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A sustained period of limited growth has been challenging for many businesses. But it's starting to change – today you may well be planning for a different economic situation.

You could be:

- Still in cost-cutting mode – focusing on reducing your fleet and optimising its use (like turning to pool vehicles instead of funded cars)
- Planning for growth and expansion – building up your fleet in anticipation of increased demand
- Looking to use smart technology like telematics to first find more efficiencies, then implement them
- On a major recruitment drive and looking to find new ways to attract, retain and reward your staff
- Concentrating on holding onto your existing vehicles for longer, instead of reducing your fleet

- Heading into a big growth phase and looking for the capacity to scale up fast (reading [this guide](#) should help you whichever situation you're in).

But even if your business feels static, the reality is that all markets are moving rapidly to respond to changing customer needs. Take the inevitable rise in ecommerce: it's led to big changes in the supply chain as customers demand faster delivery, drop boxes for packages in city centre locations, big out-of-town distribution centres and last-mile logistics for starters.

Very few businesses will trade for three years and not experience some major changes. And that's why you need to be thinking about whether your current fleet is still fit for purpose.

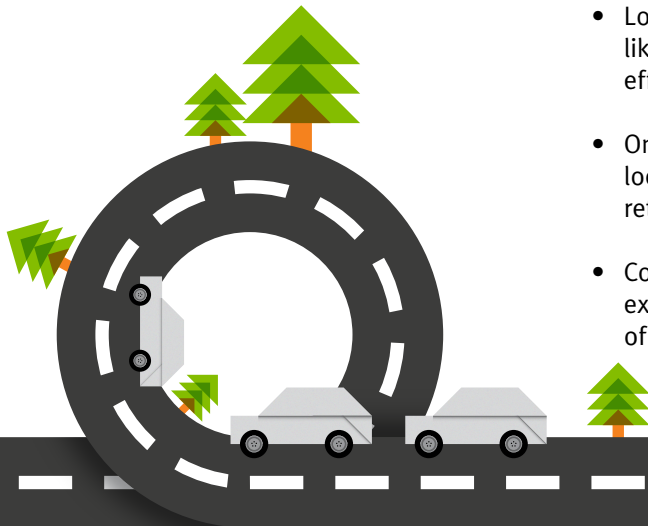
This impacts both the vehicles you need (those old workhorses you've always had might not be able to handle the maximum uptime your new operating model requires) and the employees you have on the road.

On top of that, you'll inevitably require some flexible-term solutions – can your fleet provider offer a great deal on three or six month hires? How soon can they have the vehicles delivered? And are you getting as much as you can from your current fleet, in terms of uptime, optimum off-road management, and so on?

Many teams review their fleet every three to four years. That's a long time in business. If you don't assess what your business and its people need at the right time you'll soon get complaints ringing round your ears.

Fleet Renewal Checklist

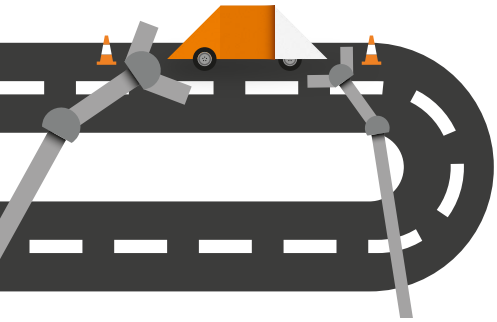
When it comes to renewing, it's important to ensure that the solution you put in place not just offers an answer to today's challenges but also has flexibility built in to ensure it remains fit for purpose in years to come. Request an Open-Calculation assessment of fleets costs, to mitigate against unexpected bills later on.



3. Evaluate the service past, present and future



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Fleet Renewal Checklist

When reviewing your service make sure you build in regular reviews. Set the KPIs and SLAs that matter to you, then hold them accountable on their performance on issues like ongoing cost savings or driver satisfaction.

Ever get the feeling your service levels ramp up as a contract comes up for renewal? Or that the initial, intense burst of service and focus soon subsides after you've signed on the line?

It may sound like a bit of a conspiracy theory, but it is important to make sure you judge service records (like your cost performance) over a contract's lifetime.

You want to judge your service on a number of historical criteria. The challenge is twofold:

1. **Assess your service record** against historical agreements
2. **Forecast your service requirement** for future agreements

Your analysis will tell you if your service has been up to scratch and is fit for future purpose. The factors under review will include:

The Basics

If you're all about cost management then there's likely to be three metrics on your mind.

Service Level Agreements

Was your fleet kept mobile and working in line with what you were promised? Do you need more or less protection next time round?

Billing and Transparency

Were your costs clear, easy-to-understand and measurable in both up-front finance and servicing? What needs to improve next time?

Account Management

Was there an operations-focused friend concentrating on the day-to-day issues, analysing your drivers' performance and helping you meet your duty-of-care obligations? That's the minimum you should expect even if you don't mind serving yourself most of the time.

The Premium

If you're keen to optimise your fleet performance to really wow your business, drivers and customers, then you will also be taking account of these additional metrics.

Expert Support

Did you have access to people who can make a difference to your fleet performance? Who should be helping you transform your fleet solution – for example, with capacity planning for your changing needs.

Driver Support

Your internal focus is your drivers. Does the support and communication they get make them feel like it's a trusted service, and help provide a great customer service? Ask them if you're not sure.

Solution Offering

Did you get an answer to all your issues? If you're keen to do more with technology and data then you need to know your ambition will be supported.

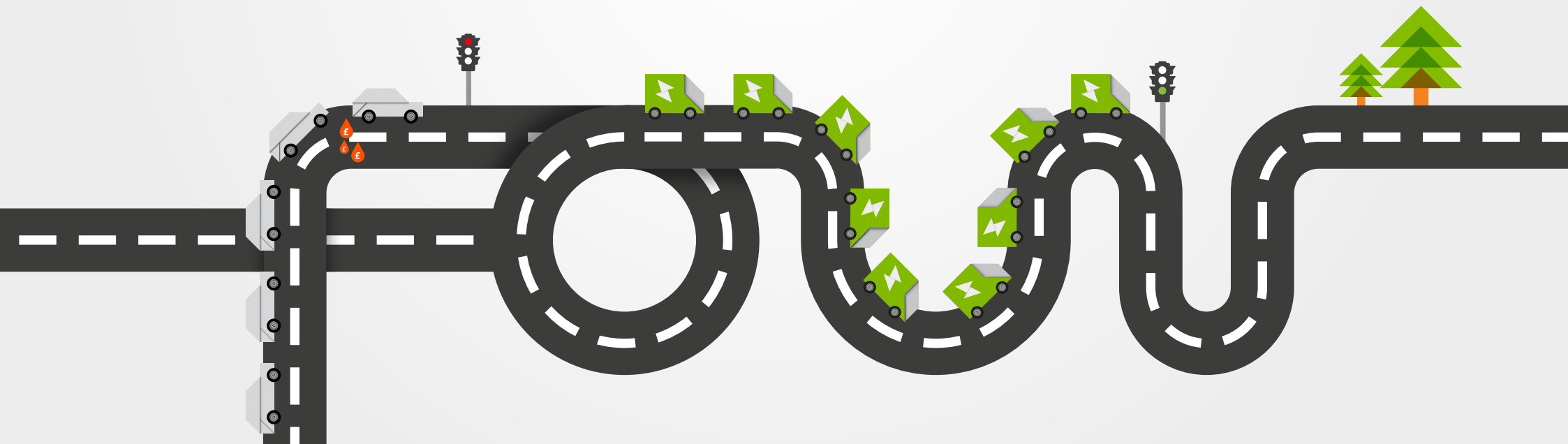
International network

If your business isn't based in one country then neither should your fleet. Are you able to extend great cost efficiencies and optimisation tools to every business arm? It usually makes financial and operational sense.

Value Generation

Are you getting the value and purchasing power rewards at every point of the value and supply chain? Are you benefiting from your providers' great supplier relationships? Manufacturers are always recommending, procuring or adapting discounted vehicles in response to customer requirements. Are you seeing any of it?

4. Future-proof your fleet strategy



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Here's what you don't want to do: sleep walk into renewing your contract without thinking about and analysing how the world around you is set to change. For one thing, your fleet is only part of your total mobility strategy.

You will need to look at future political, environmental, social and technical changes round the corner. And plan accordingly.

Anticipating future cost triggers

There's a ceaseless stream of new regulations that can affect your fleet, like ever-shrinking carbon emission thresholds. You want to be notified well in advance about the changes that will have an effect on your fleet, so you don't get caught out and end up paying more. And it's not just your future fleet that you need to consider, there'll be knock-on effects on your legacy fleet too.

So, a great monthly deal for gas-guzzling road warrior might look decidedly pricier once you start filling up at the pump. And you're looking at a big jump in costs as soon as the vehicle no longer meets the emissions standard.

That puts you on the hook for higher taxes, and all sorts of other knock-on costs like higher employer's National Insurance contributions and benefit-in-kind payments. Here is a tax guide we've worked on together with Deloitte that could help you out [here](#).

Meeting your CSR targets and delivering on your own 'green' agenda

Many businesses are dealing with a broad environmental agenda and fleet is an obvious place to curb CO2 emissions to help meet targets.

Making the most of new technology

There's also the prospect of how your business can benefit from the latest tech developments. For instance, more and more companies are looking to include electric vehicles (EVs) as part of their future fleet plans, as the latest generation of EVs compare ever more favourably to petrol or diesel vehicles in terms of range, value and reliability.

Risk Profiling and Duty of Care Management

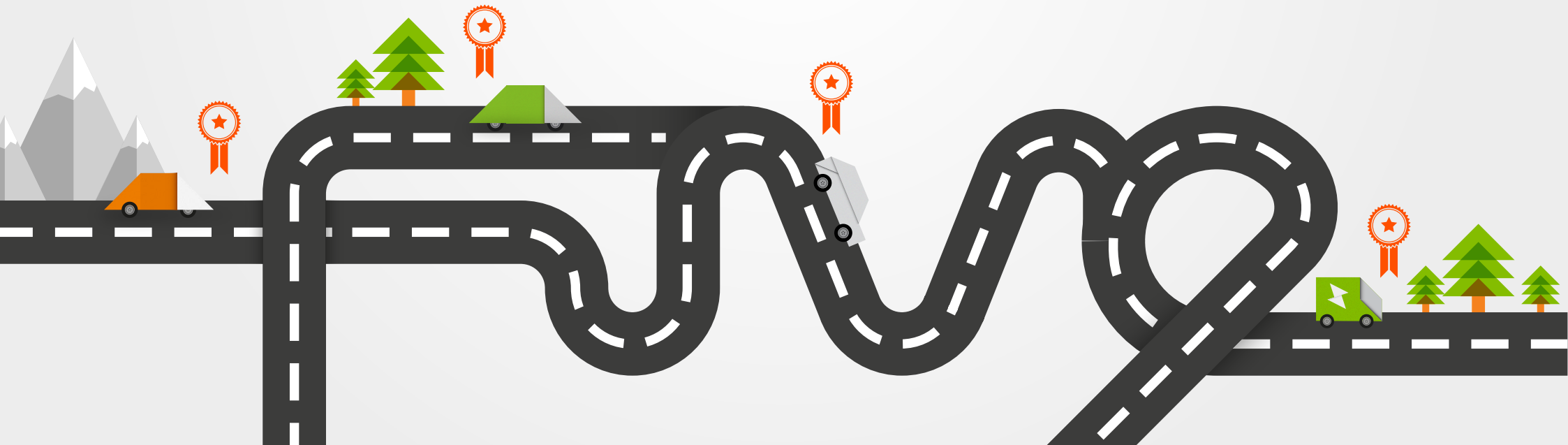
Not only is this a crucial area when it comes to safeguarding employees, it's another factor that can unexpectedly trigger costs if you don't make it a priority. Working with a fleet partner who can help you identify and improve your worst-performing drivers, and stay on top of changing legislation can mean real savings and added value for your business.



Fleet Renewal Checklist

Make sure that your fleet provider has not only a thorough understanding of current regulations and technology but can also [help you plan ahead for different future scenarios](#) too.

5. Win new talent and retain your superstars



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No matter what position you recruit for – delivery driver, sales manager or managing director – you’ll want to attract the best talent possible. Of course, they’re likely to be the people most in demand, which means that you’ll be competing with other employers.

Offering great vehicle selection as part of your overall package could tip the balance in your favour. Will that C-suite exec feel suitably like a VIP in a car that reflects their status? And for commercial fleet drivers, wouldn’t everyone prefer a well kitted out van? How easy will it be for your workforce to get a quote for, then select a car and customise it to suit? What part could a salary sacrifice scheme play in your overall objectives?

In short, is your offer fit for purpose?

Keeping your people happy

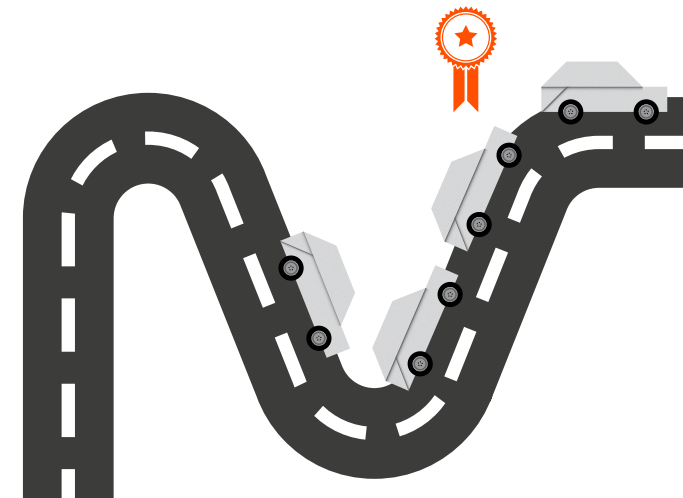
Compelling deals on contract hire and vehicle selection and so on – these are important factors when it comes to getting the right fleet profile. But if your drivers and car-taking employees aren’t getting a great, easy-to-use service, you’ll have a real headache on your hands. Drivers expect the highest levels of service as a minimum, and won’t be shy of letting you know if it’s not up to scratch. Many of your workforce will spend a lot of time in their car – what they drive is a big part of their working life. High levels of service are required.

For commercial drivers, their vehicle is the equivalent of their desk in the office. So if they can never get through to their helpline, can’t book a service quickly, it’s the equivalent of working with a wonky keyboard or three-legged chair. That’s bad for morale and ultimately bad for your business too.

And that’s why you need to make sure your SLAs have been built around driver experience. That can be as simple as ensuring that there’s a staffed information line, or offering nice perks like fuel cards with extras for drivers. However they want to contact you (phone, email, dashboard), you need to make as many channels of communication available as possible.

Fleet Renewal Checklist

Cost counts, but it’s only part of the picture. So when you reassess your fleet arrangements, ensure that your new provider will help, not harm your efforts to attract and retain the kinds of people who’ll help drive your business forward.



Conclusion

The chance to change your fleet is rare. It only comes around every few years. And the chance often drifts by without a true understanding of the value of change.

A robust analysis, focused on our five core areas, will ensure that the choice you make (even a decision to stick with what you have) is proactive and considered. You will know you're in the right place when you can:

- 1. Calculate your true costs to see if promises made have been kept.**
- 2. Understand your business direction to identify new fleet demands.**
- 3. Audit your service to check all the components add up to success.**
- 4. Explore external factors to make sure you're covered.**
- 5. Ask your drivers to learn if their car is the benefit they're expecting**

But if these things don't add up to the fleet you need then it's time to think differently. The one thing you can't afford is a fleet that isn't fit for purpose.

Coming to the end of one fleet provider contract is a timely opportunity to refresh what you've currently got, and assess which supplier is best placed to deliver what you want over the next few years.

And it doesn't have to be painful to change. But we can guarantee you it will be painful if you don't.

Want to talk about how LeasePlan can help you optimise costs and build a right-size fleet for your business?

And don't just take it from us. Want to speak to some of our customers and see what they think of our fleet solutions and services?

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To find out about the wide range of services LeasePlan has to offer at leaseplan.co.uk