

# FLEET & PROCUREMENT

SEPTEMBER 2017

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## HOW TO MANAGE THE PROCUREMENT PROCESS

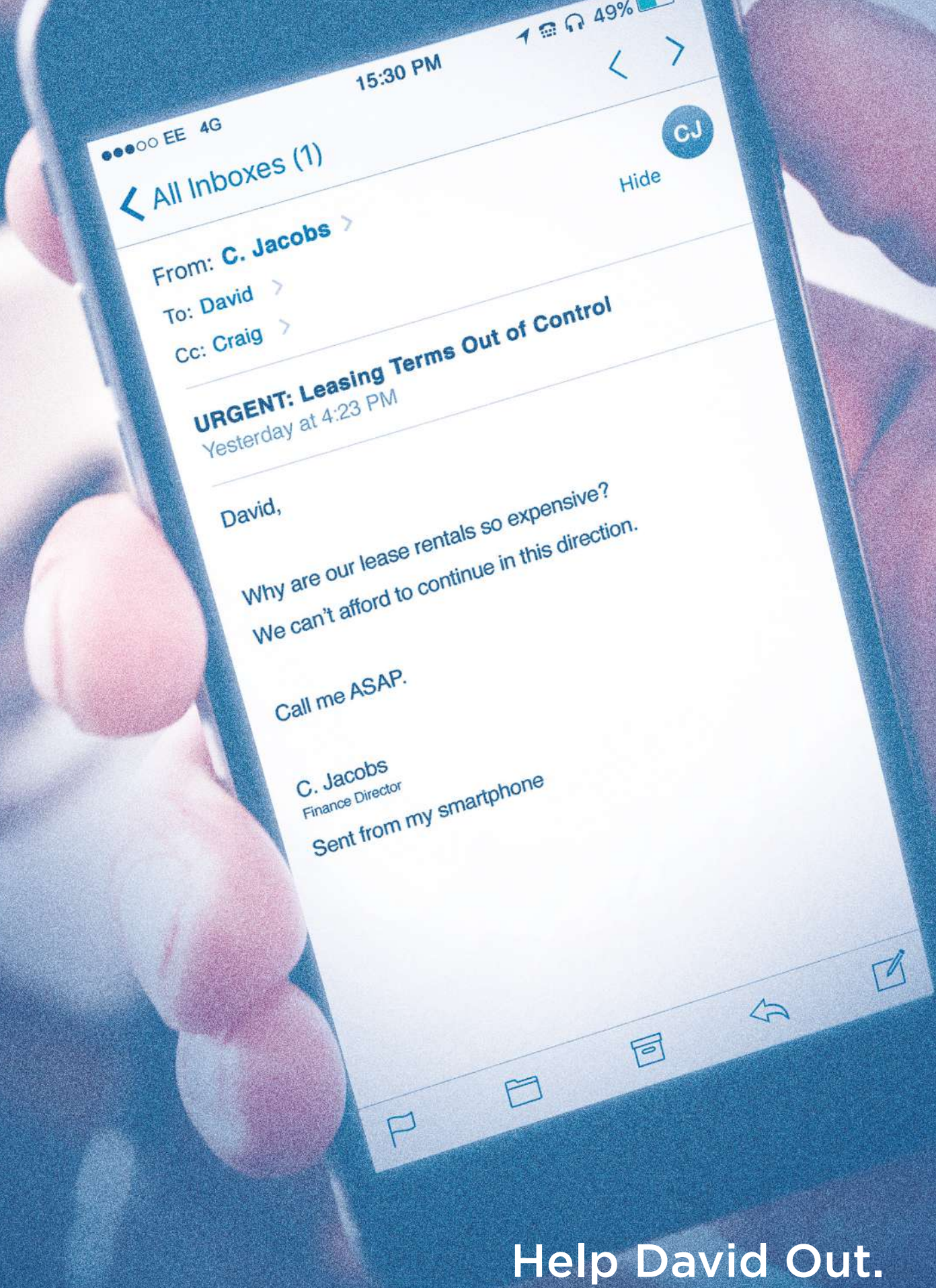
The business of purchasing vehicles has developed into an art-form which requires a professional and methodical approach. Find out how inside.

TO DO:

- \* Work out current fleet costs
- \* Speak to stakeholders
- \* Set KPIs and SLAs







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# Welcome



What is the role of a fleet decision-maker? There are many possible answers to that simple question, dependent on whether the decision-maker is looking after

cars, light commercial vehicles or a combination of the two; whether the fleet is outright purchased or leased; the degree of outsourcing; and the company's priorities, which can range from safety to environment to cost.

The decision-maker might be a fleet manager, a transport manager, a senior member of the finance team, in HR or procurement. But what they will all have in common is the need to act as a supply chain manager.

They need to constantly evaluate their supplier relationships to ensure they are receiving the best service and value. They will get involved in identifying potential supplier-partners at the outset of a tender process and they may be involved in making the final decision on which ones to go with.

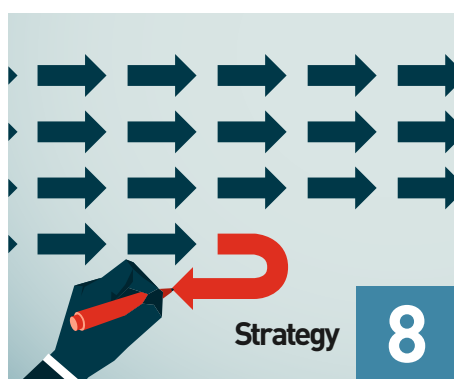
Key to the process will be setting service level agreements (SLAs) and measuring suppliers against key performance indicators (KPIs) throughout the length of the contract.

Crucial to efficiency is having the right suppliers in place. But knowing which company is the best to have a relationship with can be difficult.

This is where our Fleet & Procurement report comes in. It provides you with advice, guidance and support through the procurement and tendering process.

I hope you find it useful.

**Stephen Briers,**  
editor-in-chief,  
*Fleet News*



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# PERFECT PLANNING PREVENTS POOR PERFORMANCE

Observe the five Ps – time invested up front will pay off in the long run

## 12 STEPS TO BETTER TENDERING

### DEFINE YOUR PRIORITIES

Define the drivers in the decision-making process and make this clear in the tender documentation.

### OBTAIN BUY-IN

Get buy-in from the board and senior management before embarking on the initial selection process, and ensure consultation with all relevant user groups within the business.

### ESTABLISH A BASELINE

Understand your current costs first; if you do not fully understand them then you cannot set a benchmark for future targets or assess whether a supplier has delivered on cost reduction.

### FILTER FIRST

Less is definitely more, so keeping the number of suppliers on the tender list down allows you time

to evaluate bids thoroughly and enables you to meet suppliers before the shortlist decision.

### ENGAGE WITH SUPPLIERS

Engage with your potential suppliers before issuing a tender. If a respondent has an insight and has been able to understand the motivation behind any change, you will get a better response.

### DEFINE ONLINE

If utilising online tender portals, allow for charts, graphs, and other forms of presentation to be attached as these can show results graphically and this may be more helpful than words alone.

### DOCUMENT REVIEW

Make sure contracts are relevant; fleet management and contract hire are services not products. Many companies use generic

procurement documents during the tender process and these cannot simply be amended to cover fleet services.

### ADAPT YOUR APPROACH

Consider micro-tendering parts of the fleet to different suppliers. For example, you may wish to separate funding from maintenance. Many leasing companies will be keen to bundle both together, but pay-as-you-go maintenance can be more cost-effective.

### INSIST ON 'SUSTAINABLE PRICING'

Vehicle quotes typically last for 30 days so suppliers may quote a 'loss-leader' price, safe in the knowledge they can increase prices for vehicles outside those quoted or when the 30-day period expires. This leads to 'rental creep' and should be avoided by insisting on sustainable pricing.

### GET COMPETITIVE

When it comes to vehicle acquisition, you may wish to use competitive tendering during the life of the contract. Find the most cost-efficient leasing rates for new company cars by using a panel of lessors, rather than a single leasing company.

### PROOF POSITIVE

Ask for proof from the supplier that they can deliver what they promise. Request tangible evidence through site visits or case studies, data or testimonials.

### MEET AND GREET

Always meet the people who are going to be your supplier. Visit their premises and ensure they are professional and can offer what they say they can offer for the long-term.

Source: CLM

**W**hen it comes to fleet tenders, it is crucial to remember the importance of the five Ps in getting it right – ‘perfect planning prevents poor performance’.

To build a fit-for-purpose fleet, a company must lay the groundwork that will shape the process from start to finish and clearly define ‘what good looks like’.

In most cases, this groundwork is the most important part of the process because it ensures the company’s requirements are clearly understood and matched closely to fleet development.

Importantly, it encourages a focus on the future and the past rather than just concentrating on immediate needs.

Businesses require change over time, particularly in the present economic environment, so careful consideration of their needs and a willingness to challenge long-held assumptions are important.

Companies should consider the issues they have encountered during any current fleet supply contract, including how they were resolved. They should also canvas a wide range of internal views on the suppliers and also consider how needs may change during any future agreement.

Planning also involves setting the foundations for a smooth tender process, so the fleet can work with suppliers in a problem-free environment to focus on the best and most cost-effective outcome.

The Fleet Industry Advisory Group (FIAG) calls it “perfect purchasing”, defining a process that has been clearly thought through to benefit all parts of the business supply chain.

Too often this process, when conducted via a tendering exercise, can border on a charade, warns Geoffrey Bray, FIAG chairman.

Tender documents may be vague because they are written by someone with little or no fleet knowledge, they are too simplistic, or even unnecessarily complicated, often asking questions that are too complex and never used when submissions are being considered.

## FRICION WITH SUPPLIERS

This generates friction with suppliers and often leaves a fleet struggling to identify the best provider for the job.

Bray says: “However, when undertaken carefully and involving all key stakeholders in the tendering process, it becomes the cornerstone of the subsequent contract that will define the long-term efficiency and effectiveness of the fleet operation.

“The key to a successful fleet purchasing process is to define what is required, commercially and functionally, from potential suppliers while ensuring that very best value for money is obtained.”

He argues that partnering effectively with a range of fleet suppliers is the secret to keeping long-term operating costs under control, while continuing to drive through efficiencies that will make the whole business function more effectively.

Bray adds: “Making sure that the customer-supplier relationship that develops following a tender process works well throughout the duration of the contract is not just about getting the words and numbers in the agreement right.

“It is also about developing a strong working relationship and genuine rapport with every supplier necessary to achieve strategic corporate objectives.”

This means that procurement has to get personal, with face-to-face visits from potential suppliers, particularly the employees who will



# SPONSOR'S COMMENT

By Olivier Mansard, VP Global Sales, Masternaut



## What to look for in a telematics provider

Telematics is now well-established with a wide choice of suppliers. But, while many vendors look similar, it's worth investing time when choosing your partner to

avoid painful and costly changes down the line. To ensure you get the right solution for your business, make sure your telematics provider has got the following covered:

### Data security

Fleet data can help you make evidence-based, data-driven decisions for your business. But as you're dealing with both operational and personal data, it's vital to ensure the security of your data and ensure the systems are compliant with UK and EU regulations. As a leading supplier of telematics solutions, Masternaut offers an enterprise-grade fleet management platform running on highly secure EU-based data centres.

### Open API

In times of connected fleets your telematics system cannot stand alone anymore. Your provider should offer a solution that has the flexibility to integrate with other IT systems seamlessly. Our customers use Masternaut's open application programming interface (API) to integrate with enterprise resource planning (ERP) systems, invoicing, customer service tools and HR applications.

### Aftercare services

The amount of data pulled from telematics can sometimes be overwhelming. To run a successful fleet operation, fleet managers need to ensure they are getting the right information to make good decisions.

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be interacting with the fleet on a daily basis as part of the tender process.

Shaun Sadlier, head of consulting at Arval, says: "You'll need to understand the on-boarding process that a supplier follows – the fleet is one of the most emotional parts of a business operation and a great deal of disruption and bad feeling can be caused if this is not managed smoothly and efficiently.

"By following these steps, a business can normally identify either a clear winner or group of candidates. Sometimes, when all the analysis has been finalised, it is worth asking a simple question: 'Can I work with this company and their people?' If the answer is yes, then there is a high likelihood of future success."

Furthermore, it is important that companies set realistic expectations for any procurement exercise, based on the current shape of the fleet.

Sadlier points out that results will be very different for companies operating 50 vehicles, 500 vehicles or 5,000 vehicles.

He adds: "You should also consider the maturity of the fleet procurement and operation – if it is highly developed then the room for improvement is much reduced."

To understand what benefits are being offered compared to the current fleet arrangement it is important to establish a clear baseline.

This ensures a fleet can measure the impact of the actions outlined in the tender.

Data should include details such as fleet size, broken down by perk or job-need vehicles, renewal cycles and CO<sub>2</sub> levels – but also cover how the fleet is currently managed including headcount and processes.



*"If you miss something that is critical to your operation it can be more than just a frustration"*

John Kelly, CLM

Once agreed, these should be formalised within the request for proposal (RFP) document to improve the likelihood of any prospective supplier answering in line with the anticipated outcome of the process.

Sadlier says companies benefit when they can apply a consistent measurement in assessing responses.

This is generally easier for questions that require a quantitative response, such as pricing, and here a structured Excel RFP document will assist in providing precise inputs, clear breakdown of costs and also support future analysis and consolidation.

He adds: "In terms of handling the submissions, a company should, while setting the objectives of the RFP, give each area a weighting based on its importance to the operation of the fleet.

"It is often in this part of the RFP evaluation that the comparison with the baseline costings will show the benefits gained."

Also, establishing clear guidelines when assessing the supplier responses allows an efficient move to identifying a shortlist of potential suppliers.

## ROUND TWO

Sadlier adds: "The next steps taken often include a second round, normally relating to the pricing elements of the response.

"At the same time, the business should be contacting the companies offered as references and these calls or visits should follow a structured approach to ensure the key questions are asked and answered in full."

Supplier presentations should also be held with a structured agenda but allowing an amount of time for the supplier to outline the benefits of working with them.

John Kelly, managing director at fleet management specialist CLM, says: "Writing a tender document to select a fleet supplier can be a formidable task.

"It is easy to spend hours putting together questions, trying to get the key information that will ensure you choose the right supplier – but if you miss something that is critical to your operation it can be more than just a frustration.

"Our advice is that before you begin the tender process to focus on a number of key areas."

Rob Wentworth-James corporate sales director at Fleet Alliance, agrees that a good and clear tender process is an important factor that contributes to a successful client/supplier relationship.

He adds: "It ensures you have chosen the right partner, because you know precisely what you are looking for, you have asked the right questions and the bidder knows exactly what to answer and offer."

## GOOD PREPARATION ENABLES NATURAL SELECTION

With the right preparation, the review of tender documents should guide a fleet to a clear winner that most clearly meets its requirements.

The vendor's proposal must include a schedule of costs for delivering and supporting the contract, all with the appropriate detail.

In addition to one-off costs, the vendor must provide details of any recurring charges. For example, if a fleet rings up to

ask for advice, will there be a consultancy charge?

Require suppliers to separate all elements of their prices to enable like-for-like comparisons. Allow leeway in the tender structure for suppliers to demonstrate how they will add value beyond their basic pricing.

It also pays to look at the commercial strength of the supplier – are there any warning signs to undermine a long-term commitment? It may help to

include a questionnaire asking about issues such as the company's strategies, market position, financial strength, organisational structure, internal procedures and policies.

Fleets may also want to ask for a project plan showing how the service will be implemented, including handling outstanding service contracts with other providers.

The vendor should also identify the structure and composition of

its project team and submit CVs for key staff that may be involved.

Suppliers' own supply chains should also be audited as part of any evaluation.

Best and final offers should be obtained by means of bid clarification before a potential supplier is chosen and terms and conditions are agreed.

Finally, the service levels, service descriptions and schedules all need to be negotiated and agreed.



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# ADAPT YOUR PROCUREMENT PROCEDURES FOR A MORE DIVERSE AND STABLE FUTURE

Keep an open mind on procurement strategy to react to rapidly changing market

**I**n a changing business environment, company vehicles remain an important element in the smooth running of most businesses, but it is important to keep an open mind when developing strategy.

Now more than ever, managers need to keep abreast of what recent changes in the procurement of fleet mean to them and their strategy.

The industry is facing some of its most fundamental changes in decades, with new technologies, vehicle types, changes to legislation and taxation, all taking place against the background of challenging economic change following the Brexit vote.

So, with this in mind, it's important to start with a fundamental review of the travel needs of your business.

Simple questions can have a profound impact on thinking. Why does the business have cars and commercial vehi-

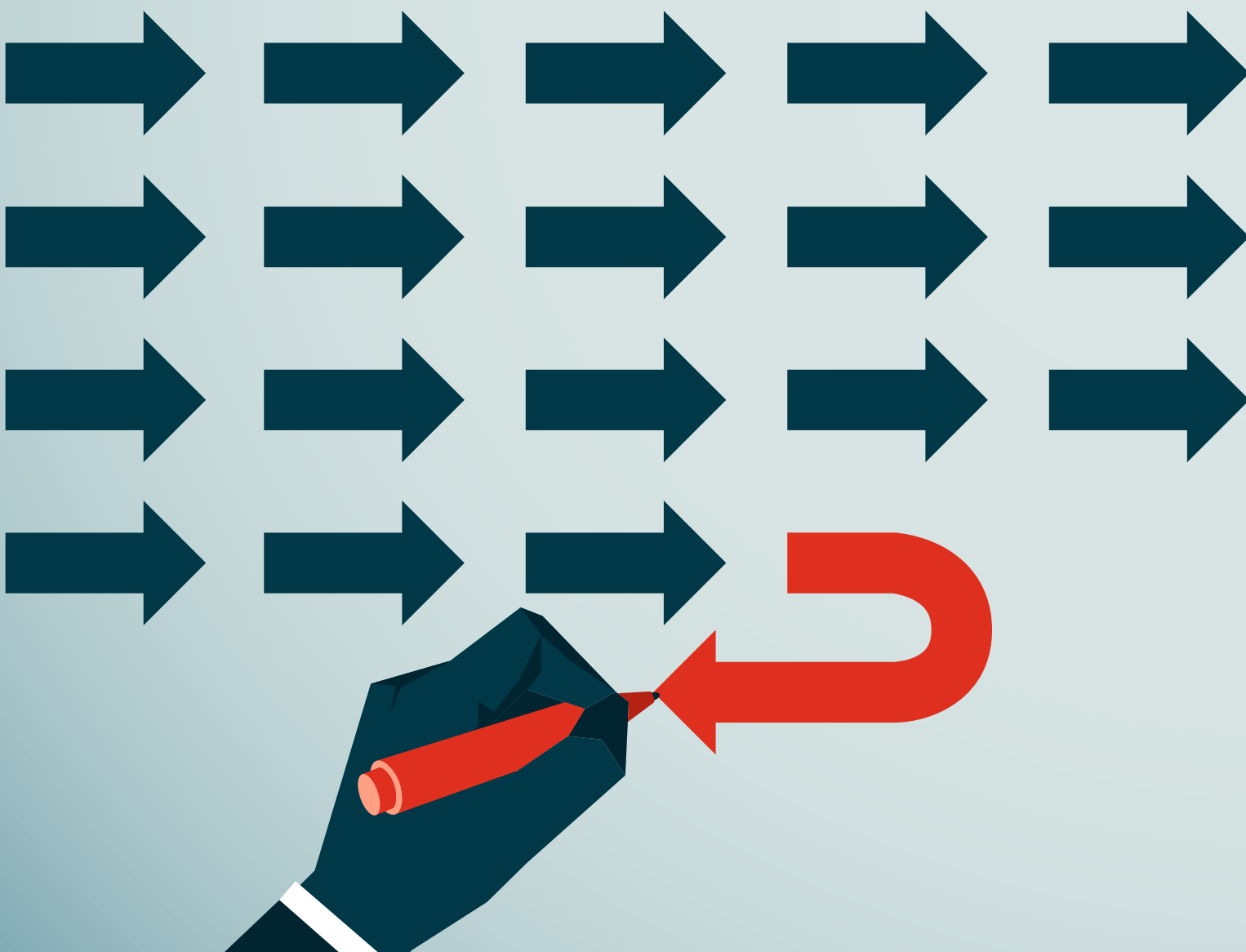
cles? What are they used for? Do they need to be used that way? Does the business need so many? Do they provide value for money? Is the fleet profile fit-for-purpose for the next five years? Is there a better way?

This initial assessment is important, as it brings out the key factors that might change the way a fleet operates.

Company cars will likely remain essential for most businesses, but with the country undergoing so much change, businesses should consider whether the fleet needs to adapt to the developing market.

A review will also highlight how much a business knows about its fleet.

As basic questions are asked about mileage, type of use, the type of vehicles and the reason for having them, it will help paint a clearer picture of travel requirements and challenge the status quo.





It might also inspire alternative thinking when it comes to purchasing.

For example, company car tax increases over the next few years will erode the value of the company car, so will this increase the appetite of employees to opt for alternative travel options?

If so, what travel choices are available that would provide a viable alternative to the company car?

Dependent on the location of the business, public transport may not provide a suitable option to conduct normal activity.

Some organisations have been successful with other options such as subsidising bus links or encouraging a shared approach to car use.

For example, car clubs allow employees to book the use of a pool of shared cars in the same way they might book a meeting room. They reserve the car for a specified length of time and use key card technology to unlock the car when their time slot starts.

In some cases, companies offer employees a mobility allowance, which they can use to buy a range of business transport services, from company cars to rental vehicles, buses, trains and even bikes.

This thought process opens up a new way of thinking about purchasing, as the traditional supplier choices may need to be changed to accommodate new ideas.

When considering the car fleet specifically, other factors also need to be taken into consideration.

Future tax increases are prompting questions about what vehicles are used for, how frequently they are changed and their value to employees.

## KEY FLEET PURCHASING TECHNIQUES

### ■ Establish a clear view.

**How many vehicles do you need, who for, when and for what purpose?**

■ Consider all the costs, direct and indirect and compare like with like.

■ Get specialist advice on corporate and employee taxation, VAT, depreciation and capital allowances, and refresh annually.

■ Stay flexible and don't commit for too long a lease or too many vehicles as business needs change.

■ Additional management services may be useful dependent on your need but understand fully what you are getting for your money.

■ Develop your network of advisers so you can plan ahead more effectively.

vehicle emissions testing procedure and whether this will change the tax costs of different fuel choices.

They also need to look at whether Government or local authorities could target a particular fuel for additional tax levies, for example through congestion charges or low emission zones, which could affect running costs, vehicle use and employee morale.

If companies are considering alternative fuel vehicles, such as plug-in hybrids or electric vehicles now the Government has imposed restrictions on future diesel cars, the procurement process needs to establish the availability of supply and lead times as the manufacturing base is still growing.

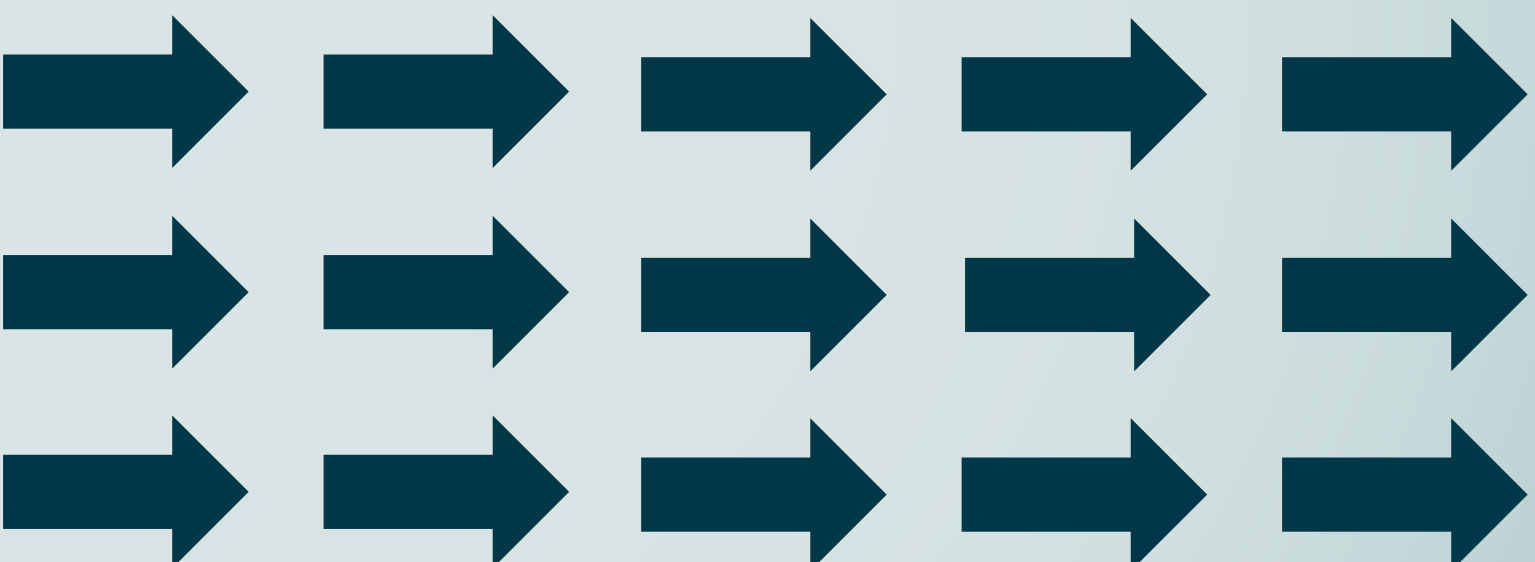
In this environment, it is important to talk to colleagues, industry bodies, suppliers and other fleets to establish a sense of the changes on the horizon and how they might affect procurement.

This includes the changing role of the fleet manager, as it adapts from solely focusing on vehicle purchasing to the broader role of travel manager, which involves finding the best solution from a wider range of choices for employee travel or delivery of goods.

This will potentially involve establishing an extended supplier base and new skills to ensure effective procurement of new goods and services.

It can be valuable to discuss with long-term suppliers what their vision of the future is and the ideas they have that might ensure your fleet remains fit-for-purpose in the long-term.

It can also be a good time to review your purchasing priorities and how they are balanced.



Many companies buy their fleets in cycles, typically ranging from three to five years, but with regulations and the market changing quickly, is this too long a timescale?

This is especially the case for purchases relating to diesel cars, which have been the focus of intense political and media scrutiny. The long-term impact of this needs to be considered when developing purchasing strategies.

Should a business expect lower prices for diesels because of the negative publicity? Will the coverage affect future residual values? What is the overall impact on whole-life costs?

During the procurement process, these questions need to be answered.

Furthermore, with vehicle taxation linked to emissions, fleets need to consider the impact of the new real-world

For example, is cost the most important factor or are there other issues to consider, such as the environmental impact of the fleet?

To ensure this complex web of potential options is effectively managed, data will become a much more integral part of the purchasing process.

Data suppliers will also be important service providers, including software and app suppliers.

These data suppliers can integrate the various elements of a transport strategy into insightful reports and usable information.

With so much change ahead for fleet and procurement, it is important to start considering how you will adapt.

■ **Andrew Coulcher** is director of knowledge and membership at the Chartered Institute of Procurement & Supply

# STAKEHOLDER ENGAGEMENT IS KEY STAGE IN TENDERING

Getting buy-in from the board, the management and the drivers is important but several other departments may also require input

**F**leet management is as much about people as it is about vehicles because drivers, managers and suppliers are affected by decisions relating to business travel.

Without effective engagement, errors and problems could occur with contracts, with the ramifications lasting for years.

Issues can cover vehicle suitability, specification errors or even reduced staff morale, so communicating with key stakeholders is an essential part of the procurement process.

An efficient feedback programme also creates a cycle of fleet improvement, as comments about suppliers and requirements during the life of a supply arrangement or fleet policy can be used to inform future fleet decisions.

That doesn't mean that fleet departments can be held to ransom and forced to accept unreasonable demands.

The key is to understand the operational requirements of the business and encourage structured feedback, which can feed into a final decision.

Therefore, the essential first question is to identify the stakeholders affected by any decision and develop a robust engagement programme that is designed to deliver value.

Stakeholder mapping is an important exercise. It is a process of clearly defining areas of interest related to the fleet.

The three most likely are the board, management and drivers, but it could also include human resources, finance, health and safety and corporate social responsibility teams.

Suppliers also have a part to play, not least because they can provide an external view of potential developments a company might like to consider for its fleet operations.

By identifying stakeholders, fleet managers can establish the importance of the product or service to the individual or department and outline the type of feedback that is required, which helps to structure the engagement process.

This includes adapting engagement for specific audiences, so feedback required from van drivers is likely to be different from perk car users, for example.

It also pays to map out potential issues that may influence the fleet and the business.

Are vehicles key to morale? Does company image have to be considered? What are the consequences of downtime?

Knowing the key issues is another step in refining the

## STAKEHOLDER ENGAGEMENT CONSIDERATIONS

### INVOLVING DRIVERS AND USERS

**You should evaluate vehicles to ensure they are fit for purpose. This may include testing demonstrator vehicles or visiting suppliers to see mock-ups of vehicle interiors. The views of users can also be used in a cost-benefit analysis which may form part of a business case for new vehicles. Vehicle evaluation forms can provide important feedback and the wider views of users may be gained from user groups.**

### DRIVER INSIGHT AVOIDS PROBLEMS

**If users are not involved and vehicles are selected in isolation, the vehicles may be over-specified and cost more to operate. Alternatively the vehicles may be under-specified and not adequate for the service need or laid out incorrectly and require expensive modifications.**

### DEVELOPING A PROCUREMENT TEAM

**Procurement should be a team effort between the fleet manager and procurement staff and should include the views of the staff that use the fleet. Finance staff with specific accountancy skills should also be involved and for significant procurement exercises a project manager should be appointed.**

engagement plan and ensures questions deliver results, rather than a list of unfocused comments from contributors.

A final step is to formalise the process, with key dates, milestones and a clear path to an outcome that is based on informed decision-making.

The process might have to adapt to include new stakeholders that emerge, but having a solid plan in place makes it easier to remain focused on getting the insights the fleet needs to make decisions.

Jacob Telemacque, fleet manager of Kings Security Systems, which operates a fleet of more than 250 vehicles, says: "I think it is important you involve key stakeholders of the business so they understand what you want to do and implement, the reasons why and what the benefits would be."

Engagement with stakeholders was essential when Kings Security Systems introduced telematics and dash-cams.

Telemacque adds: "It was important that I got the stakeholders involved, such as line managers, heads of department and human resources."

With a potentially controversial policy decision, the key was to focus on providing the right information to the right people and responding to their feedback to ensure success.

This extended to showing employees they were not being singled out when it came to tracking technology. Telemacque says: "I have a tracker. I am not ready to tell engineers they have to use these if I am not prepared to do it myself. If engineers see I have one, then I am leading by example."

Supportive drivers can be an essential element of the feedback, as they can provide valuable user insight on vehicles and services that goes beyond data and spreadsheets.

In commercial vehicle fleets, for example, they can identify flaws in vehicle design, or the set-up of additional equipment, which can create inefficiencies, problems or safety issues.

This may result in additional specification being required or even design changes being suggested to suppliers.

Drivers can also cast a critical eye over supplier services that adds insight to basic key performance indicator (KPI) figures to help fleets understand how a provider is performing.

At Network Rail, the fleet team encourages feedback from drivers about safety concerns, which has resulted in a number of changes, such as installing ergonomically-friendly ladders, new tow bars and reversing sensors on vehicles.

Suppliers also need to be part of the feedback loop, as they provide a different perspective on how a fleet is performing.

For example, while a company may be critical of a supplier for missing KPIs, it could be the customer's own processes that are the cause of the problem.

Fleet managers should be ready to accept constructive feedback from suppliers and use this in the development of their strategic plan.

Andy Hartley, commercial director at Lex Autolease, says:



*"From a customer's perspective it is essential to use SLAs and KPIs to not just track, but improve, performance"*

Andy Hartley, Lex Autolease





## SPONSOR'S COMMENT

By **Adrian Bewely, Head of Business Mobility, Enterprise Rent-A-Car**



Enterprise Rent-A-Car, the UK's largest rental company with more than 95,000 vehicles and 420+ branches, is on the leading edge of the revolution in business mobility.

With the fast-changing nature of customer requirements, the rental market has transformed beyond recognition.

Enterprise therefore acts as a mobility consultant, working with organisations to help them take a step back and examine their entire strategy and ethos of corporate travel.

Sometimes, customer needs can encompass everything from a car for an hour to a truck for five years – and they need a partner able to manage all those demands. Other times, they don't yet fully understand how, when, where and why their employees travel for work. It can be a morass of grey fleet, pool cars, rental, leasing and more.

Hiring a car for a day or two will always be a core business requirement, but most fleet managers understand that it's just a tiny part of the whole. With the growth of car clubs, and the increasing demand for commercial vehicles on flexible terms, business mobility is one of the most dynamic sectors of the industry.

And it isn't stopping there. Some businesses are looking to integrate public transport options, or want to explore ride-sharing, or want to know when to hold a meeting over the phone and not rent a car at all.

So whether their need is for guidance and expert advice, or for a fast, automated rental experience through the National Car Rental brand, Enterprise offers it all.



"From a customer's perspective, it is essential to use service level agreements (SLAs) and KPIs to not just track, but improve, performance. Businesses should ensure criteria is reviewed regularly to ensure both the fleet manager and drivers are achieving optimum efficiency."

He says a critical first step is to ensure the right SLAs and KPIs are in place. These can vary dependent on the customer's industry. For example, some are primarily focused on reducing emissions while others are concerned with cutting maintenance costs and off-road time.

Hartley adds: "Once we understand the customer's areas of priority, we devise KPIs in line with them. If, for example, cutting CO<sub>2</sub> emissions is top of the list, we can offer a fleet solution based on a whole-life cost policy which takes into account environmental costs, and put a KPI in place to limit emissions.

"We would then be able to offer a range of vehicles that fulfil the lower emission requirement and measure levels on an ongoing basis to ensure the KPIs are met."

Suppliers such as leasing companies can also play an important role in ensuring that the wider network of service providers is performing to the right standard.

Hartley adds: "As well as seeking regular feedback directly from our customers through our relationship management team, we also undertake a comprehensive survey through an independent research organisation on a bi-annual basis.

"This allows us to analyse all aspects of our service to identify what's working well and where we can further improve, as well as generating the important net promoter score of customer advocacy."

**250+**  
vehicles in the Kings  
Security Systems fleet

# LOOK BEYOND PRICES FOR THE TRUE COST OF FLEET

Low tender figures could mean a whole host of charges further down the line

A poor procurement process can bring new meaning to the phrase 'buy now, pay later'. A fixation with upfront prices and hammering down costs at the beginning of a contract can often be a false economy, as it ignores the potential for longer-term spending that could easily outweigh any short-term benefits.

For vehicles, this could be higher than expected servicing costs, reliability issues, poor residual values or problems caused by low service levels.

For suppliers, problems could arise because low quotes have been achieved by omitting core areas of support that then incur extra charges, or by offering prices that are only active for a limited period. Low prices could also reflect a lack of resource to support the fleet.

End of contract charges are also a regular hazard for fleet operators using leasing or rental. If vehicles haven't been managed properly, damage and excess mileage charges can, potentially, add hundreds of pounds to whole-life costs.

If a leasing quote is cheap, there may be a danger a

supplier will be stringent on charging for every item of damage found on a vehicle at the end of a contract to cover its costs.

Jacob Telemacque, fleet manager of Kings Security Systems, says it is vital to understand how suppliers operate before making a commitment.

He says: "A big part in choosing a company is the service I receive from each supplier."

"When I have picked a supplier in the past, I have just taken five or six vehicles from them to check their service. If it is poor, I don't use them again."

"When choosing a supplier, you need to look at what the business requires, the package you are getting and whether the support offered can match your requirements. We always ask to talk to current fleet customers as well."

"Then, if you do bring them on board, it is important to have strict key performance indicators (KPIs)."

Several years ago, Kings Security expanded through acquisition and had to return vehicles to a fleet supplier.

Telemacque says: "I found that while there had been very cheap rentals at the front end, the money was all being put at the back end. The average damage recharge was £700 per vehicle when we returned them."

"I had a meeting with them and said I couldn't take a three-year gamble with them for new vehicles. They provided good quotes, but service was bad, there was no dedicated account manager, and we were hit with excessive recharges."

Oz Choudhri, head of public sector at Enterprise Rent-A-Car, says a focus on price is one of the most common causes of problems with suppliers following tenders.

Buyers become focused on the headline cost of daily rental, but forget to consider the wider issues related to service delivery.



*"In the past I have taken just five or six vehicles from a supplier to check their service. If it is poor, I don't use them again"*

*Jacob Telemacque, Kings Security Systems*

## SWIFT SERVICE ADDS VALUE

Fleet departments are often put under time pressure to deliver vehicles and services at short notice and this is where strong supplier relationships can shine.

When Amit Birly, purchasing manager at CAT UK, had an urgent requirement for vans with bespoke specification at short notice, he was able to hand his order to trusted partner he knew would deliver.

Arval turned around a new order for 10 minibuses in less than a month.

The Renault Traffic Passenger dCi 95 energy twin turbo Euro 6 models with stop-start and 155g/km of CO<sub>2</sub> were delivered to the company's Southampton branch after undergoing modifications including strengthened straps to stop doors swinging open quickly, door alarms, reversing warning alarms, front-facing cameras and vehicle branding.

The minibuses are used in CAT UK's intensive compound handling operations to ferry drivers to







Back row (from left): Alan Henderson, corporate account manager, Renault UK; Mike Callard, corporate business manager, CAT UK; Amit Birly, purchasing manager, CAT UK. Front row (from left) Huw Mellor, corporate sales manager, Arval UK; Stuart Warren, managing director, CAT UK; Mark Waite, corporate business development manager, Renault UK.

collection points within production facilities or distribution centre environments where vehicles need to be moved into storage or despatch lanes.

The Renaults help to reduce the amount of time waiting for drivers and increase the company's capacity for vehicle movements.

Birly says: "For operational purposes, we needed these minibuses quickly and modified to fit our needs exactly. Arval met this brief impressively, delivering them on time, on budget and exactly as specified. We are very pleased with the service we received."

Arval has built-up a long-term relationship with CAT and was able to use its strong manufacturer relationships to ensure the order was fulfilled.

Arnaud Bosvieux, head of sales at Arval, adds: "It is always satisfying to be able to meet and exceed customer expectations in this manner and I'm very proud of the way the team at Arval fulfilled this order."

## SPONSOR'S COMMENT

By Mike Hemming, UK Professional Services Director, Masternaut



### Fuel cards and telematics – what are the benefits?

Expenditure on fuel typically represents a large proportion of fleet operating costs. While fuel cards have historically enabled fleet managers to monitor and

manage fuel expenses, in some ways they are a bit of a blunt instrument, since as a single toolset, they lack the ability to collect, manage and analyse a holistic set of data on fuel spend. Fuel card information becomes much more powerful with the addition of data from telematics-enabled vehicles.

*"It highlights occasions where a card seems to have been used for unknown vehicles"*

Collectively, these two data streams offer far better insight into how fleets are being fuelled and run. So, in partnership with Allstar, Masternaut has developed a fuel and maintenance card that combines fuel card transactions with telematics data to provide a straightforward mechanism to better manage fuel spend and minimise the risk of fraud.

By combining factors such as the address of a petrol station where a fuel card was used with the concurrent location of the vehicle, the system can now identify 'risky' transactions. It also highlights occasions where a card seems to have been used for unknown vehicles, or when premium fuel or non-fuel items are purchased.

That information is presented via our web-based platform, Masternaut Connect. Managers can receive instant alerts as well as preconfigured or custom reports. All of which cuts down on administration time and makes the job of monitoring fuel use by vehicle and driver much simpler.





He says: "Selecting the right partners is actually about value – and choosing the supplier that will add the most. That's why it's so important to fully understand your requirements before you go to tender. The low daily rate might catch the eye, but does the supplier have branches near the sites where you need to rent cars? If not, how much extra will you pay for deliveries and collections?"

"Look at your mobility needs holistically. Is it solely a tender for daily rental, or do your employee travel patterns indicate a mix of daily hire and car club might be most cost-effective? Should you include public transport options as well?"

A key question for fleets to ask when appointing new suppliers is 'what happens after the contract goes live?'

It is important to consider where problems might occur and use these as a guide for checking through the contract and the small print.

According to Fleet Alliance, some supplier quotations are deliberately low because the small print only commits them to keeping the quote's prices for a set period or only applies to a small sample of vehicles or services offered.

Fleet Alliance corporate sales director Rob Wentworth-James says: "It's critical you establish whether the vehicles in your tender genuinely reflect a significant proportion of those that are going to be selected, once the tender exercise is complete. Failing to check for potentially huge hidden costs in the small print can cost you in the long run. When choosing a new supplier there are so many things to consider that it can be easy to miss important details in the small print, or fall into the trap of failing to properly compare like-for-like when evaluating the offers on the table.

"Clauses regarding excess mileage charges, early termination penalties and end of term recharges should always be taken into consideration as they can make a huge difference to the overall picture of cost."



## PUTTING MANUFACTURER SERVICE TO THE TEST

Historic assumptions that premium car brands offer the best service have been challenged by new research.

Data from automotive researcher APD Global Research suggests volume brands are providing business users with much higher levels of customer care than their premium counterparts.

APD tracks feedback from business users operating more than 500,000 vehicles with the UK's leading leasing companies and has found Mazda and Toyota topped the results from APD's 2016 Voiceback 360 fleet driver surveys.

The top three places in the APD delivery satisfaction chart were:

Mazda  
(92%)

Toyota  
(92%)

Kia  
(90.8%)

The Net Promoter Score for volume brands was 88.5%, up from 84.6% in 2015. This compares to prestige brands, which scored 86.8%, down on 2015's score of 87.8%.

APD global CEO Rob Whalley says: "The data reveals volume brands are consistently delivering better customer satisfaction at the point of vehicle delivery than their prestige rivals and, as a result, recommendation of these vehicles has risen significantly.

"The result demonstrates how customer service has fast become the key differentiator in a highly competitive market."

He said the premium brands need to "take note and up their game" as company car drivers and fleet

managers place increasing emphasis on customer service when making fleet decisions.

Overall, drivers of volume brands rated their experience 4% higher than premium marques.

Poor pre-delivery communication, vehicles not delivered at the agreed time and poor cleanliness or presentation of the car were identified as the areas needing most improvement, while lack of explanation of controls by delivery drivers was also a concern.

When drivers were asked if they would recommend their leasing company or broker based upon their car delivery experience, prestige vehicle drivers recorded a nine-point fall to 55.2 compared to 2015, while among volume brand drivers there was a marginal gain to 65.2.

Kia (88), Toyota (77.8) and DS (75) drivers were most likely to recommend these brands while Land Rover (49.4) Mini (43.5) and Jaguar (28.4) drivers were least likely to do so.

However, the results differ when asking fleet decision-makers about their manufacturer relationships, according to analysis from Sewells Research and Insight.

In its fleet survey, respondents were equally enthusiastic about the level of service from premium marques as they were from 'challenger' brands (such as Kia and Škoda). Volume brands were slightly behind the market average.

Asked about driver satisfaction, fleets rated premium brands top with 42% very satisfied compared to 33% for challenger brands and 32% for volume brands.

Premium brands also performed best when ranked according to fleets' knowledge, affinity and likelihood of adding more models in the future.

The varying results underline the need for fleets to be vigilant when selecting manufacturer partners, ensuring they select brands which meet their needs and match the requirements of their employees.

*"The data reveals volume brands are consistently delivering better customer satisfaction at the point of vehicle delivery"*

Rob Whalley, APD



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# 10 STEPS TO CHOOSING A FLEET MANAGEMENT PROVIDER

A useful guide to help you secure a thorough and fair outsourcing contract

**T**here are many things to consider when choosing a fleet management company. While cost is an important factor, it should not be the only one.

Leasing and fleet management companies can vary significantly.

Whether your fleet is big or small, you need a provider that offers a full array of fleet management services, from vehicle funding and procurement, nationwide vehicle delivery and maintenance, to accident management, telematics and fuel management.

You should work with highly-skilled professionals who understand all aspects of the business and can build the optimal fleet solution.

But remember that not all fleet management companies can provide this level of service.

Every business is different, so you will want an expert who will listen to your needs and be ready to offer flexible solutions tailored to your organisation.

Choose a supplier that makes fleet management its primary focus. But beware of companies that apply a 'cookie-cutter' or 'one-size fits all' approach to your fleet management and funding needs.

Relationships are important. The ideal fleet management company will make customer service a top priority and will treat you like a partner.

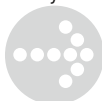
So how do you decide which aspects of your existing fleet management activities you want to outsource? Consider the following:

- Do you have an experienced/dedicated in-house fleet team?
- Are you getting the management information you need to understand the actual cost of your fleet?
- How frequently do you have vehicles unavailable and what's the impact and cost to your business?
- Who manages the legal and taxation issues related to your fleet?
- Are you having to manage multiple suppliers so you can keep the fleet on the road?

A good fleet management provider can become part of a company's fleet management process, allowing it to restructure in-house resources to maximise its own business efficiency by outsourcing a wide range of processes and logistics.

The key is to look for an experienced company with a successful track record of offering tailored fleet solutions designed to help boost efficiency and manage costs.

■ Simon Staton is sales director at Venson Automotive Solutions



# 1

## PRIORITISE

Think about your best value and fleet management objectives. How are these to be prioritised and measured?

# 2

## PLAN

Clearly explain and schedule all the activities your specialist fleet provider will be undertaking on your behalf as well as the processes you will be retaining in-house.

# 3

## COMMUNICATE

Agree a clear communications framework between you, your partner and any other third parties. Detail communication paths and provide a list of authorised contacts to all. Include a process for dealing with change.

# 4

## ALLOCATE RESPONSIBILITY

Ensure escalation paths are specified. Set a framework that categorises problems and what the escalation process will be for each level of priority. Be specific about where responsibilities start and finish.





## Assess mobility needs holistically.

Businesses and public sector bodies continue to face pressure to reduce costs, cut emissions and make business travel more efficient. Alongside this, the expanding range of travel options has created new pressure to make the best choices in an increasingly complex environment.

Adrian Bewley, head of business mobility at Enterprise Rent-A-Car, has spent years analysing the changing face of employee mobility. He comments: "The same organisation might need to rent an electric/hybrid car for an hour, a 2.0 litre saloon for a day and a luxury vehicle for VIP guests.

"It might also want a van for three months and a refrigerated HGV for a year or two, not to mention insurance replacement vehicles to minimise downtime and keep drivers on the road. Responding to all these mobility needs from one partner can streamline processes, deliver economies of scale and also reveal new opportunity for driving efficiencies."

He explains that Enterprise has invested in technologies, extending services and locations as well as in providing analysis and consultancy to enable businesses to take a broader and more holistic view of employee mobility. The purpose is not just the convenience of a 'one stop shop'. It extends the value of daily rental across much wider areas of the business, solving multiple requirements.

Adrian continues: "You have to understand how, when, where and why your people travel before you start thinking about day rates and rental tenders. We've worked with fleets of all sizes to help them analyse travel patterns, driver behaviours and vehicle usage, using data to build a picture of their business travel usage and requirements.

"It's a complicated, interwoven network of factors, which can include grey fleet, pool cars, rental, leasing and public transport. Our analysis establishes where rental is not the solution as much as where it is."

Mapping customers' requirements from the outset also allows Enterprise to uncover hidden costs such as higher delivery and collection fuel bills from a provider lacking branches in the right locations. Others may have no idea how much they spend on the grey fleet because the fleet manager doesn't handle drivers' expense receipts.

"The strength of our branch network, with more than 450 locations around the UK, is one of our major selling points," adds Adrian "Another is analysing how people travel because it enables us to see where customers need to change their approach.

"By crunching the numbers, for example, we might find that for a particular fleet using a car club vehicle is far cheaper than mileage reimbursement for journeys of less than 75 miles. It can use that information when formulating its transport policy, moving away from unmanaged forms of business travel and towards a solution where it has total transparency and cost control."

It's clear that business mobility is a sector that has utterly transformed in recent years, and will only get more complex in the future. Only fleets that fully understand their requirements will see the operational efficiencies that lead to success.

5

**MEASURE**

Detail all performance expectations in relation to the service such as vehicle availability or turnaround times for reporting or providing advice. Make sure the support you require will be met by the service you are signing up to.

8

**DOCUMENT REVIEWS**

Ensure regular service reviews and reporting mechanisms are documented. This means performance is reviewed against targets and in line with your best value responsibilities to help build strong and lasting relationships.

6

**SERVICE LEVEL AGREEMENTS**

Consider applying easy-to-monitor and measure penalty clauses, payable by your service provider, should the performance terms of the agreement not be met. Penalties usually relate to availability and should be set in the form of discounted service charges.

9

**BUILD IN INNOVATION**

Try to future-proof your outsourcing contract so it can adapt to changes in operational priorities. Make sure you introduce regular opportunities to review its structure on an annual or biannual basis.

7

**REVIEW**

Check whether there are any additional clauses or specific procedures that should be considered. Make sure it provides the flexibility, support and performance measures that you really need.

10

**MANAGE RISK**

Make sure you agree an exit strategy which would prove invaluable in the event of a relationship breakdown.

**COST TRANSPARENCY IS ESSENTIAL FOR EFFECTIVE VEHICLE PROCUREMENT**

Geoffrey Bray, chairman of the Fleet Industry Advisory Group (FIAG), contends fleets need to unbundle service supply to deliver savings.

An increasing number of businesses are demanding total cost transparency as they react to the high per vehicle per month charges of contract hire and leasing companies delivering a wide range of services through all-enveloping wrappers.

Leasing providers are focused on minimising financial risk to themselves, which is why they build in

significant profit margins on every vehicle that is leased.

However, with the benefits of today's modern and efficient vehicles, longer service intervals and lengthier warranties, allied to a business culture and an employment regime that encourages company car and van drivers to pro-actively look after valuable corporate assets, the administration and risks associated with managing driver-influenced costs and of vehicles breaking down has never been lower.

Against that background, it is little wonder that businesses are increasing their demand for a total unbundling of costs on a per vehicle basis so they can view how each pound of their money is spent.

Many businesses have viewed the fleet manager's job as expendable and effectively handed over funding and management of their company cars and vans to leasing providers.

However, it is becoming more apparent in today's more austere financial environment in which all organisations are operating that they want to view a breakdown of expenditure and not a simple headline cost per vehicle per month figure.

No matter how tight a contract is worded, fleets that have sole supply outsourced arrangements are at the mercy of those providers with so-called 'rate creep' a constant issue.



*"Businesses are increasing their demand for a total unbundling of costs on a per vehicle basis so they can view how each pound is spent"*

Geoffrey Bray, FIAG

**CAN PARTNER TICK THESE BOXES?**

This checklist will help you review the suitability of potential partners:

- Proof of delivering against stringent availability and performance targets
- Services available 24/7
- In-depth knowledge of the fleet market
- Ability to deliver at a strategic and tactical level
- Leading edge, HMRC-compliant technology and real-time reporting systems
- Willing to consider 'payment by results' contracts
- Direct access to a dedicated and experienced account team
- Reputation for good communication
- Willing to operate as an extension to your in-house team.





# No more Big Brother: from monitoring to mentoring

A driver's behaviour behind the wheel is probably the single most important factor determining their safety and security. It is also a significant contributor to the physical integrity of your vehicles, your insurance premiums, as well as repair, maintenance and other 'off the road' costs. Not to mention the impact on your brand caused by wayward drivers in liveried vehicles.

The use of telematics technology can improve safety and contribute to a better driver behaviour. But behavioural improvement is traditionally dependent on managers proactively generating system reports and identifying training priorities. All of which is time consuming and impacts day to day operations.

That is why Masternaut has developed the 'in-cab coach', a small, dashboard mounted device that provides real-time feedback on speeding, harsh driving events (such as hard braking or acceleration) and idling. It is designed to inform the driver and to promote a safer, smoother, more economical driving style.

Masternaut's research has shown that vehicles equipped with the in-cab coach showed a substantially lower number of speeding events than those without. In fact, the average number of speeding events recorded per 100 miles reduced by 53%.

To download our white paper, please visit [masternaut.com/drivingbehaviour](https://masternaut.com/drivingbehaviour)



# BUILDING A STRONG FRAMEWORK FOR PUBLIC SECTOR PURCHASING

Framework agreements aim to simplify process of choosing a supplier but sometimes the names on the list are not suitable

**T**he public sector may be covered by a single piece of terminology, but it represents thousands of separate organisations which make billions of pounds-worth of purchases each year. One-third of public sector spending is on procurement of goods and services, totalling around £250 billion annually.

For around a decade, central and local government departments have been under intense pressure to find savings, with each year of cuts making it more difficult to find further efficiencies.

Framework agreements are intended to provide a shortcut to ensure public sector fleets are getting value for money and a standard level of service, while reducing paperwork and administration.

Instead of every department carrying out its own tender process, the initial work is done for them through the framework agreement.

It is a type of 'umbrella' agreement negotiated with suppliers on behalf of the public sector.

Because so many organisations buy through these agree-

ments the suppliers can offer more competitive prices. Each framework agreement comes with standard terms and conditions.

A common way for the public sector to buy goods and services, including fleet vehicles, is through the Crown Commercial Service (CCS).

It recommends that it's a good idea for fleets to familiarise themselves with the current regulations which govern public sector procurement.

The Government has a recommended process for operating, managing and delivering procurement projects from the start to finish, using the Lean Sourcing Process.

CCS also says fleets should consider taking courses in the procurement basics.

Alan Asbury, director of CLS Energy (Consultancy) and chair of the Low Carbon Club, has experience of framework agreements in his current role supporting public sector organisations and during 15 years in local authorities, including a role managing the fleet for Aylesbury Vale District Council.

He says: "Public sector bodies find frameworks to be a

## TYRE TENDER CUTS COSTS

Southampton City Council saved more than 10% on its annual tyre bill using the Crown Commercial Service (CCS) tyres agreement.

The fleet services team at Southampton was looking to make savings on tyres and reduce the frequency of replacing tyres.

The council's fleet includes 360 vans, 37 refuse collection vehicles, 17 heavy goods vehicles, 13 minibuses, six road sweepers and four cars – all of which



provide vital services across the city.

The council decided to fit Michelin tyres on all its vehicles through a direct award using the CCS Supply and Fit of Tyres agreement.

The council saw an immediate spend reduction of 11% in the first year and a further 3% reduction the following one, as greater numbers of Michelin tyres were rolled out.

In total, tyre expenditure dropped by more than £17,000.

A spokesman for Southampton City Council's fleet services team says: "All local authorities are working hard to maximise value from their budgets and fitting Michelin tyres via the CCS framework has delivered noticeable savings to our fleet running costs.

"We're getting improved longevity and durability from every tyre we fit. It's particularly noticeable on the refuse collection vehicle fleet, which is, arguably, the toughest on tyres."

In addition, technicians from ATS Euromaster's Southampton centre provide an onsite fitment service for the council.

The technicians regroove as many tyres as possible, extending tyre life by up to 25%.



useful and often necessary aid to complying with the law while enabling a procurement process to proceed in a timely fashion."

A key factor in using frameworks is side-stepping the requirements to publish tenders valued above a specific financial threshold in the Official Journal of the European Community (OJEU).

Asbury adds: "Preparing for a procurement under OJEU rules takes a great deal of planning if contracts are to be let in time. Frameworks can help to circumvent this to a large extent."

However, just because a fleet is buying through a framework agreement doesn't mean any acquisition process will be problem free, he says, adding: "Naturally, frameworks have their pitfalls, and sometimes the right or preferred suppliers are unaware of them and are therefore not on the appropriate framework supplier list.

"This can mean that sometimes the optimal supplier may not be used. Because of framework time-frames, it is often difficult for a supplier to join a framework at a time that suits its needs.

"Often, large corporate organisations are the only providers on frameworks which means they may sub-contract and take a percentage – which can sometimes be far from best value."

Asbury refers to "layers of uncertainty" caused by the sheer scale of public sector procurement and a growing number of framework agreements, as local authorities and public sector bodies join forces to try to establish a best value approach to buying equipment from suppliers.

He adds: "There are layers of uncertainty in local government when it comes to the addressing of OJEU rules, frameworks and even in-house contract framework rules, which vary from council to council."

This uncertainty, even among procurement professionals, often leads to 'gold plating', or over-specifying, when it comes



## EXAMPLE FRAMEWORKS

**Crown Commercial Service** Around £12.4 billion of common goods and services are now being procured through CCS, whose aim is to become the 'go to' provider for the procurement of common goods and services across the entire public sector.

**ESPO** Established in 1981 and jointly-owned by its six member authorities, which are the county councils of Leicestershire, Lincolnshire, Norfolk, Cambridgeshire, Warwickshire, and Peterborough City Council.

**National Procurement Service** The NPS for Wales was launched in November 2013 and is hosted by the Welsh Government. It has been established to work to achieve annual savings of £25 million.

**North West Universities Purchasing Consortium** The NWUPC strategy focuses on making full use of the consortium's purchasing power to maximize benefit for nearly 100 universities and colleges.

# SPONSOR'S COMMENT

**Helen Potter, VP Human Resources, Masternaut**



### Driver safety – a moral obligation

Like all employers, we have a statutory duty of care, along with a moral obligation, to make sure our employees are kept safe from harm. Most of us have

people within our organisations that spend hours on the road for professional reasons and we all want them to return safely home at the end of the day.

In the year ending September 2016, there were 180,000 road casualties and 1,800 road deaths in the UK. We cannot ignore the fact that speed is a major factor in road incidents and that reducing speeding significantly decreases driver risk.

*"Our in-cab coach device uses visual signals to give immediate feedback"*

Many of our customers have used telematics to help them significantly lower their driver risk profiles. Dalkia, for example, have seen a 15% reduction in accidents.

Unfortunately, the success of telematics has often been affected by its "Big Brother" image, leading to driver resistance. Which is why we have invested in tools that increase driver engagement, instead of leaving them feeling like they are being monitored.

Our in-cab coach device uses visual signals to give immediate feedback to drivers rather than relying on industry standard driver scoring and feedback delivered by a manager long after the event.

A recent study across more than 9,000 light commercial vehicles shows that our in-cab coach solution has reduced speeding events by 53% on average.

Is it a moral obligation to prevent an accident happening, if you can? I believe it is.



**masternaut**



to the letting of a contract to meet the diverse needs of the participants.

It also means that different frameworks are often heard of by word of mouth, which leads to inconsistencies in the savings achieved by different government and local authority bodies.

Another vital point which is often forgotten by purchasers when reviewing framework agreements is that they are just the start of a process for choosing a final supplier.

There is still substantial groundwork to be done before signing a supply agreement, especially when it comes to something as complex as vehicles.

Asbury adds: "A point often forgotten is that the presence of an organisation on a framework is not necessarily a guarantee of their competence or their ability to deliver.

"A framework is not an endorsement. There are frameworks on the market that seem to negate the need to follow the basic rules, but some of these have yet to be proven."

However, public sector fleets are increasingly seeing strength in numbers in the fight for efficiencies as austerity measures in the public sector continue.

For example, several public sector organisations have seen savings by working together on projects or buying groups in addition to the CCS frameworks.

While the police forces themselves may be separate entities, 28 bluelight fleets have come together to form their own buying consortium.

Arranged by West Midlands Police, the deal saw forces from Cornwall to Northumbria club together to take advantage of standard, unified specifications and make savings.

More than 2,000 vehicles will be delivered over the two years of the contract which began last year.

A similar deal has been arranged for forces in the north of England and Scotland.

## THINKING DIFFERENTLY IN THE SEARCH FOR SAVINGS

Local authority fleets are being urged to search for savings to protect frontline services from cuts.

The call comes after one local authority reduced spending by more than £450,000 by ending its policy of painting vehicles orange.

Derbyshire County Council operates nearly 500 vehicles, of which 440 are orange, ranging from vans to minibuses and lorries.

Historically, when vehicles have been replaced, the council spent £1,000-2,000 painting them or using vehicle wrapping services to match its corporate colours.

However, in the face of £70 million in funding cuts over two years it is searching for ways to reduce costs without affecting frontline services.

Vehicles will still be replaced but the council will order nearly all of them in white to cut costs.

Other areas of the public sector are also having to take a different approach to finding savings.

For example, Portsmouth Naval Base, which is managed by BAE Systems and is home to two-thirds of the Royal Navy ship fleet, is predicting savings of £360,000 in fuel and maintenance over two years after taking on 48 Nissan e-NV200s electric vans.

## HELPING THE PUBLIC SECTOR DELIVER MORE WITH LESS

Enterprise Rent-A-Car is a key supplier to numerous public sector frameworks including CCS, ESPO, NPS and NWUPC (see panel on previous page).

Oz Choudhri, head of public sector at Enterprise, says the procurement process has been shaped by austerity, leading to greater use of framework agreements.

He adds: "This has definitely shaped the procuring process. Many public sector frameworks offer contracting authorities and suppliers an easier procuring process where fleets can directly award a contract or 'mini-compete' for the services required among the approved framework suppliers to identify the best fit with requirements.

"The framework has a pre-defined specification that ensures the services procured are best in class and relevant while streamlining the process."

However, it's important to consider the long-term implications of buying decisions and ensure changes in travel patterns are considered, he says.

"Public sector institutions are now leading the industry in delivering mobility solutions, ensuring sustainable travel practices and ensuring value for money," Choudhri adds. "Over the past two years we've seen the buying consortia future-proof their frameworks by procuring broader mobility solutions, not just daily rental.

*"Understand and map out your requirements before you even issue the tender"*

*Oz Choudhri, Enterprise Rent-A-Car*

"Given that frameworks tend to last for a minimum of four years, it is important they incorporate both existing and emerging mobility options. For example, the CCS's current framework for vehicle hire covers a range of services including car club, daily hire, HGVs, commercial vehicles and international travel."

He says that frameworks can only take fleet supply agreements to a certain stage and managers will still have extensive work to do to ensure contracts are fit for purpose.

"If your procurement processes or frameworks aren't comprehensive, you'll have to fully understand and map out your requirements before you even issue the tender.

"This means the organisation needs to analyse how its people currently travel for work, where the areas of spend are and what options are available to make it better to identify the correct suite of mobility services.

"We often work with fleets at this pre-tender stage, to obtain the relevant employee travel data and to ensure the final request for proposal (RFP) is for the services they actually need and will answer the right questions."





# Share the power of fleet data

**T**elematics is now a well-established solution to help run a more efficient, safer fleet. At its heart, it offers a data-driven approach to the management of vehicles and mobile workforces that can benefit not just fleet managers but also other business units such as the HR and Finance departments.

Isolated telematics systems only go so far. To reap the full benefits across different functions, fleet data can be integrated with other enterprise systems to deliver far greater value to the business as a whole.

The Masternaut Connect platform offers easy-to-use APIs (application programming interfaces) that allow you to exchange real-time and historic data.\* The API connects fleet data to other platforms within your business, including HR, ERP, and customer service systems.

For instance, integrating with HR systems means you only have to manage one master employee database, which can then be mirrored onto your telematics system.

Timesheet and payroll applications can be provided with accurate data feeds on working hours based on vehicle use.

Expense and mileage claims can be massively simplified by providing drivers with a quick and simple mechanism to identify private and business journeys via a mobile app. And employee safety initiatives can take a direct feed on driver behaviour.

Of course, connecting your fleet data to your operations systems requires vigilance about security. Masternaut does not transfer any data outside Europe, as we use two managed, fully redundant data centres based in the EU.

These meet the highest security standards, are fully enabled for disaster recovery and the data hosted is protected via a wide range of measures, including

- State of the art cyber defences, with regular third-party testing
- Security policies covering all access according to ISO security models
- Physical access defences and procedures
- Staff training and awareness

A data-driven approach to your fleet management can help deliver savings, provide excellent service to your customers, and create a safer working environment for your employees.

To find out more or talk to one of our advisors, please visit [masternaut.com](https://masternaut.com)

\* With your existing IT systems.

# END OF DIESEL DEFAULT RAISES PROCUREMENT CHALLENGES FOR FLEETS

With diesel losing its position as the 'go-to' choice the options are considerable

**V**ehicle procurement has become much more complex in the past few years as a changing business environment and new technologies expand the choices available to fleet managers. Diesel is no longer the default choice, but instead of just considering petrol as the alternative, fleets will have to contend with fuel options including plug-in hybrids, pure electric and hydrogen-powered vehicles.

In addition, specification is developing rapidly, particularly with the advent of semi-autonomous vehicle systems that offer everything from hands-free parking to self-steering, autonomous braking and radar-controlled cruise control.

Some of the biggest changes in the automotive sector are set to take place over the next five-year replacement cycle, which means procurement has to adapt to become more forward-facing.

According to industry experts, the key is to investigate the potential for change while maintaining a focus on effective cost management, particularly through the use of total cost of ownership calculations.

Lauren Pamma, head of consultancy at LexAutolease, says: "Whole-life cost (WLC) is a key consideration and businesses should continually model the types of vehicles offered to employees to determine future suitability over both the short- and long-term and engage with manufacturers to ensure cost-effective cars are available to employees."

Shaun Sadlier, head of consulting at Arval, agrees: "From a financial point of view, at Arval, our strong preference is to use a WLC methodology."

"This ensures the customer and the driver can make decisions based on a clear picture of the true costs of operating a specific vehicle, even if these are theoretical values at the outset of a contract."

"Benefits of using WLC generally include reduced CO<sub>2</sub> emissions, contained fuel costs and optimum funding, as well as driver advantages including lower company car taxation and private fuel costs."

Staying abreast of new legislation is key, Pamma says, adding: "It is important for fleet decision-makers to be aware of the evolving legislative and tax landscape to understand the potential impacts on car schemes."

This includes shifting political attitudes towards diesel, the future introduction of low- and zero-emission zones and a long-term shift to zero carbon transport, with the Government recently setting a 2040 deadline for ending the sale of vehicles running solely on petrol and diesel.

This is having an impact on manufacturer strategies, with Volvo recently announcing that from 2019, every new model will additionally have an electrically-powered variant.

It plans to launch five fully-electric models between 2019 and 2021 and a range of hybrid models.

Other manufacturers have announced plans to launch dozens of plug-in models over the next five years.

Pamma says: "While we certainly encourage the adoption

**5**  
fully electric vehicle  
models between 2019 and  
2021 is Volvo's pledge

of ultra-low emission vehicles (ULEVs), compiling a fit-for-purpose fleet policy is a balancing act between cost, choice and sustainability and fleet managers should consider what will work best for their businesses and even for individual employees and job roles."

In addition to considering external factors, fleet managers also face the challenge of matching their acquisition choices to business needs.

Sadlier adds: "When working with customers in building an effective car selection policy, we look to engage with the relevant stakeholders to understand their objectives in relation to the fleet."

"The provision of a company car is still viewed by both the driver and the company as a very worthwhile benefit, and companies use it as an important tool in retaining and recruiting staff."

Whether the vehicle is fit for purpose can mean a number of things based on the use of that vehicle and the market norm, Sadlier adds.

For example, when looking at a perk car where the



## LCV PURCHASING SHOULD AVOID THE LIKE-FOR-LIKE APPROACH

Businesses running light commercial vehicle fleets are potentially missing significant opportunities for 'right-sizing'.

According to recent research, 83% of companies that bought a van in the past year simply replace it with one of the same size.

Right-sizing refers to adopting a strategy designed to match the payload needs of a fleet to the specification of a model of van as closely as possible, delivering benefits in a wide range of areas from fuel efficiency to reduced environmental impact.

Only 8% of those surveyed opted for a van that was bigger while 7% went for a smaller one, well below the level of change that would be expected from a typical fleet optimisation consultancy exercise.

The figures were largely the same for all sizes of fleet.

The finding comes from the 2017 edition of Arval's Corporate Vehicle Observatory Barometer (CVOB) research which covers 3,847 fleets across Europe.

Shaun Sadlier, head of consulting and leader of the Arval Corporate Vehicle Observatory in the UK, said: "Model selection is probably the most important van-related decision a business can make. Having a



Many fleets are adopting a 'same again' attitude to van replacement

vehicle that closely meets your needs can make a huge difference to fleet costs and efficiency, and the rapid proliferation of different van designs and payloads that are now available means it is possible to identify models to fit almost any fleet profile.

"This research indicates that the vast majority of fleets are adopting a 'same again' policy to van selection, almost irrespective of fleet size, and foregoing the potential whole-

life cost savings in areas such as fuel and tyres that 'right-sizing' can deliver."

In a parallel finding, the CVOB also found that few fleets ask for external help when choosing vehicles.

Just 16% of larger fleets (more than 50 vehicles) do so, 9% of medium fleets (10-49) and 7% of smaller fleets (1-9).

Sadlier added: "This shows fleets are not recognising, or are unaware, of the contribution that an external consultant can make when it comes to van choices.

"This is frustrating because we are regularly involved in reviews which, by helping clients carefully define their transport needs, produce very strong and tangible results.

"There are a wide range of factors to consider including model choice, usage, replacement cycles, specification, specialist equipment, branding and more – and balancing all of these points benefits from the input of a specialist consultant."



*"Having a vehicle that closely meets your needs can make a huge difference to fleet costs and efficiency"*

Shaun Sadlier, Arval

customer is seeking to retain and recruit a high calibre of employee in a competitive market, it would be important to consider the policies of competitors.

Also, while it could be said that the provision of a better car may not necessarily clinch the recruitment of a new employee, a lesser car may deter suitable applicants.

Sadlier says: "Importantly, a company providing a vehicle for job-need employees – such as engineers or sales – should ensure it is fit for purpose and allows the employee to carry out their role safely, effectively and in comfort."

When fleets are dealing with vehicle suppliers, they need to look for a level of expertise that means they can work closely on ensuring their unique requirements are met.

This is particularly the case for commercial vehicles, where specification tends to be more complex and bespoke to an individual company's needs.

Sadlier says: "We do a considerable amount of work with clients to ensure vehicles such as estate cars or light commercial vehicles meet the needs of the driver, meaning they are safe and legal, and are able to carry required equipment, tools

or stock needed for the job. To do this, we work closely with a number of national conversion companies when specifying complex LCV builds and also encourage regular meetings with all interested parties – the customer, the conversion company, the manufacturer and Arval's LCV experts – to ensure the most cost-effective vehicle is specified that meets the needs of the customer in a safe and legal manner."

Arval's work on WLC analysis is not restricted to passenger cars. Increasingly, it says it also works with customers in identifying the most cost-effective LCVs using WLC.

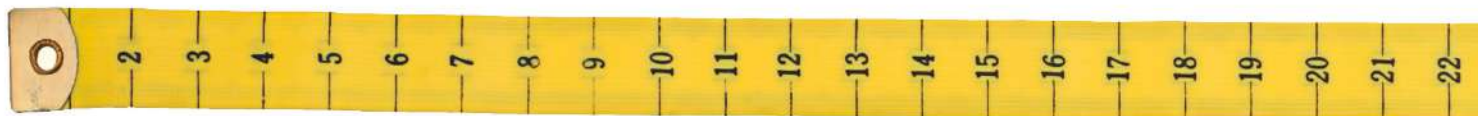
This includes work to establish whether operating alternative fuel commercial vehicles can be a financially viable solution.

Lex Autolease says the WLC of an electric van can be comparable to its diesel counterpart, however the choice of EVs on the market today remains limited.

Pamma says: "Electric vehicles typically have a range of around 100 miles today, so if employees travel long distances regularly, the technology might not be the right fit for them just yet, although range is increasing in the near term."



# MEASURING SUPPLIER PERFORMANCE FOR A MORE EFFICIENT FLEET



Ensure the KPIs and SLAs you agree 'have teeth', says fleet advisory group

**T**he end of the procurement process is where one journey ends and another begins. Having chosen a supplier, the focus turns to ensuring promises made during the bidding process are kept and service levels are maintained.

The trust and transparency that will have been key to a winning bid need to be maintained as services start to be provided.

The skill is to build on the relationship, while keeping a careful eye on key performance indicators (KPIs) and service level agreements (SLAs). This ensures service standards

don't slip and that there are no unexpected rises in costs.

According to the Fleet Industry Advisory Group (FIAG), while KPIs and SLAs need to be reasonable on both sides, they also need to "have teeth", with sanctions for failures to perform to agreed standards.

The group argues that a good balance enables a strong partnership to develop, with both parties feeling they are benefiting from the contract, which generates goodwill.

FIAG says it is important to ensure the fleet contract reflects this positive approach and that, where penalty clauses are in place, they are seen as actions of last resort.

## LEAD THE WAY WITH THOROUGH SERVICE LEVEL AGREEMENTS

One way of managing the relationship with each service provider and ensuring the expected level of service delivery is through the introduction of Service Level Agreements (SLA).

These are contractual obligations, which normally form part of the outsource contract.

An SLA can be used in any supplier contract where a business's ability to meet its customer requirements is dependent on the supplier.

SLAs can cover all aspects of the agreed fleet management work – they define the service that the supplier must provide, the level of service to be delivered and set out responsibilities and priorities.

If service providers fail to meet agreed levels of service, the SLAs should provide for some form of compensation.

The outsource agreement should identify the most critical components of the contract and build periodic performance reviews into the SLA.

Rob Wentworth James, corporate sales director of Fleet Alliance, says: "SLAs require constant discussion and renegotiation.

"If the client's business needs change, they may require different criteria. The SLA should be also updated regularly to take account of any changes, for example, in technology."

His view is echoed by Martin Evans, sales and operations director at fleet software company Jaama, who says: "Fleet decision-makers should think of the relationship with their suppliers as a partnership and ensure that providers are 'going in the same direction' as their own business.

"For example if you are a progressive forward-thinking organisation, then make sure that your suppliers have the same ethos and whatever it is you are buying is a core part of their business.

"It is important that businesses feel confident that they can work well with suppliers; you feel valued as a customer; like their representatives; and have in place an open escalation route to speak to senior management if necessary.

"Critically, businesses should look not just at what the current marketplace standing is of any potential supplier, but long-term."

This long-term approach is critical when it comes to the stage when a fleet and its supplier might part company.

SLAs should ensure it is easy to access any essential data and paperwork about the fleet that is held by the supplier.

Keeping on good terms during the life of the contract can help to ensure that should a new supplier be appointed, the transition between the two will be smooth.

Evans adds: "It is vital to be confident that when exiting a partnership with a supplier that you clearly understand your contractual obligations before serving notice.

"In relation to fleet software, even if the software is licensed, your data will always belong to you and the supplier should provide reasonable help extracting that information if necessary."



*"Fleet decision-makers should ensure that providers are 'going in the same direction' as their own business"*

Martin Evans, Jaama

# SPONSOR'S COMMENT

By Joanne Vickers, National Sales Manager  
– Fleet and Leasing, Enterprise Rent-A-Car



Enterprise Rent-A-Car began more than 60 years ago by providing replacement cars to organisations and individuals, and it remains our core business to this day.

We've leveraged that experience of working innovatively with insurers, combined with our UK-wide networks of 450 repairers and more than 420 rental branches, to create an accident management service that ensures drivers stay mobile and claims costs remain low.

It stems from a belief that the key to accident management is efficient, innovative technology to make sure repairs are fast and transparent, combined with great customer service.

That involves satisfying the needs of both the fleet, which wants to reduce costs and vehicle downtime, and the distressed employee who wants to be picked up and placed behind the wheel of a replacement car or van. It demands a partner who understands the role and importance of business mobility, especially when it's interrupted.

To accomplish this requires streamlined, real-time communications between bodyshops, fleet managers, insurers and other stakeholders, combined with a smooth and hassle-free experience for drivers.

Enterprise has invested heavily in both the technology platforms and the customer-facing resources to make this happen.

After all, fleet decision-makers already have a great deal on their plate with policies and strategic travel planning, which means a solution that takes away the burden of their employees' sporadic prangs and scrapes is hugely important.

Accident management that ticks all the boxes, and is backed up by exceptional service, is exactly what they need.



Going forward, regular meetings should be undertaken separating day-to-day operational activities from structured fleet reviews.

The former ensures that the contract works on a daily basis while the latter should ensure the goals and targets set out in the contract are being met.

A good management relationship will ensure that the terms of the contract are met and that suppliers are consistently challenged with developing innovative new ideas to meet changing business, fleet and legislative requirements.

Geoffrey Bray, FIAG chairman, says: "Additionally, regular contact with suppliers allows any problems to be dealt with before they escalate and provides the opportunity for a more effective working relationship."

Part of the process should also include benchmarking suppliers against the market to ensure their services remain competitive.

Bray says: "A tender is a snapshot in time or a benchmarking exercise that can be undertaken without going through the full formal process.

"Therefore, measuring and monitoring incumbent suppliers against competitors should be a continual exercise."

It could, for example, be written into a supplier's contract that a pricing exercise will be run every two years to re-assure fleets that any deal remains competitive.

There is also the question of how long a contract should run before a new tender is issued.

Some believe that the optimum tender period is three years to avoid 'an element of complacency' creeping in at suppliers and an innovation/development knowledge gap opening for fleet decision-makers. Others believe it is better to undertake market intelligence and discuss findings with the incumbent supplier.

"It could therefore be argued that fleets must continuously challenge their suppliers and benchmark activity," Bray adds. "They should not award a contract for three or four years, let it run its course and then go through a lengthy tender process just to satisfy a policy doctrine."

Rob Wentworth-James, corporate sales director of Fleet Alliance, says just one fleet benchmarking exercise every three years can significantly increase a fleet's long-term costs.

He adds: "Don't let your supplier become complacent over time. Make sure you check on a regular basis what they are doing, how they are doing it and how much they are charging you.

"Many companies only think to review their fleet policy every three years or so, but circumstances can





change, some policies become obsolete, new more efficient processes and procedures are developed, and legislation alters emphasis, as with the CO<sub>2</sub>-based company car tax. Your fleet contract should be assessed on an ongoing basis to ensure you are getting best value and that your costs are being kept firmly under control."

One method of ensuring prices and service levels are constantly benchmarked is to use strategic procurement, with companies such as Fleet Alliance helping to manage bidding from multiple providers and ensure consistent service delivery across multiple suppliers.

This is based on the view that for services such as contract hire, a single supplier can rarely be the most price competitive across all vehicles, periods and contract mileages for the length of an agreement.

This is for a variety of reasons but includes buying terms, views on residual values and funding levels, all of which vary from one contract hire supplier to another.

Fleet Alliance employs a competitive tendering solution with a panel of preferred leasing suppliers, which creates competition and leads to acquisition costs that are typically 8-10% lower as a result.

Fleet Alliance manages the whole competitive tendering process, from selecting the most price-conscious leasing companies, to tendering each new vehicle order to be added to the fleet as well as handling all the fleet administration.

Many companies may have more than one existing source

## KEY STANDARDS FOR SERVICE LEVEL AGREEMENTS

- The service provided
- The standards of service
- The delivery timetable
- Responsibilities of supplier and customer
- Provisions for legal and regulatory compliance
- Mechanisms for monitoring and reporting of service
- Payment terms
- How disputes will be resolved, between you, the supplier and any managed suppliers
- Confidentiality and non-disclosure provisions
- Termination conditions
- An opportunity for the requirements to be flexed as circumstances and customer requirements change

## SEVEN SIGNS OF A SUCCESSFUL CONTRACT

Experts suggest that a contract is being managed successfully if the following seven conditions are met:

- ① The arrangements for service delivery continue to be satisfactory to both customer and service provider
- ② Expected business benefits and value for money are being realised
- ③ The service provider is co-operative and responsive
- ④ The customer knows its obligations under the contract
- ⑤ There is an absence of dispute
- ⑥ There are clear escalation routes
- ⑦ There are no surprises

## RAISING INDUSTRY STANDARDS THROUGH SUPPLIER AGREEMENTS

**B&K Structures is one of several companies using the tender process to raise the importance of fleet safety with potential new suppliers.**

It recently became a champion for the Fleet Operator Recognition Scheme (FORS), a voluntary accreditation scheme that promotes best practice for commercial vehicle operators through its 4,600 members.

FORS encompasses all aspects of safety, efficiency, and environmental protection by encouraging and training fleet operators to measure, monitor and improve performance.

Having achieved the standard, B&K Structures will be promoting its FORS accreditation at pre-tender and tender stages for all new and potential projects.

Paul Heappey, production and transport manager at B&K Structures, says: "As a FORS Champion, we wish to improve the overall levels of safety, efficiency and environmental protection within the industry as well as driving best practice."

FORS will be used to help the business enhance its health and safety culture.

The company also hopes to reduce fuel consumption across its deliveries, cutting carbon emissions and helping meet its overall target to reduce the environmental impact of its sites.

Paul Wilkes, FORS business services manager, said: "We are delighted that B&K Structures has chosen to promote FORS by becoming a FORS Champion."

"It is fantastic to be able to support them in raising the standards of their supply chain."

of funding and use several contract hire and leasing suppliers, often through inherited legacy arrangements, which are complex and demanding to manage.

This is another area where a specialist provider can support the fleet, particularly in terms of managing multiple funder relationships.

This year, leasing giant Arval launched a strategic online reporting platform for clients working with multiple full service lease providers. It offers a consolidated view of their key fleet performance indicators.

The Total Fleet platform is aimed at freeing Arval's clients working with multi-supply schemes from the burden of having to aggregate data from multiple sources.

This should enable strategic decision-making, taking into account all key aspects of their entire fleet, independent of whom they source the services from.

The system is based around four KPIs:

**Fleet:** active vehicles, deliveries, returns and planned returns

**Spend:** total, in contract, out of contract and end of contract spend

**Usage:** the evolution of contract terms, fleet usage and contract deviations

**Corporate Social Responsibility:** CO<sub>2</sub> emissions and carbon footprint.

Arval's Philippe Bismut says: "Arval believes that, ultimately, clients would benefit from a single market solution and, accordingly, remains keen to open discussions with other lessors for positioning the platform as an industry-shared solution."





# Enterprise's service culture brings value to accident management.

Keeping employees mobile is business critical. Accidents and breakdowns cost money, waste time and could adversely affect an employer's reputation.

Joanne Vickers, head of sales for fleet and leasing at Enterprise Rent-A-Car, understands the challenges involved: "A personal motor policy comes with a courtesy car. Fleet policies don't because the priority is keeping costs down. But when a vehicle is out of commission following an accident, priorities shift and the principal concern is minimising driver downtime especially for essential business users."

As the UK's leading claims management provider, with decades of experience working in partnership with 19 of the country's top 20 motor insurers, Enterprise Rent-A-Car delivers an accident management service that is focused equally on the needs of the driver and of the business.

Joanne notes, "Our service has evolved through partnership with some of the UK's largest corporate customers and leasing companies. The scale of our network is a huge factor in ensuring that vehicles get to a body shop and drivers receive a replacement vehicle quickly. We can leverage more than 450 rental car branches and over 20 van and commercial vehicle centres, as well as access to a national network of 450 repairers.

"It's about delivering a consistent experience and continuity of service that begins at the accident location right through to the delivery of the repaired vehicle back to the driver. Being a mobility partner even – or rather, especially – when your mobility is interrupted."

Understanding that corporate fleets have differing priorities and may require elements of their accident management service to be delivered in a particular way is central to Enterprise's offer. Joanne comments, "One customer may place greater emphasis on supplying replacement vehicles that are fit for a specific business purpose, another on adhering to corporate company car policy, a third on protecting resale value. We need to recognise this and tailor our response accordingly."

Joanne explains that Enterprise's accident management expertise is drawn from working with major fleet operators in the corporate and leasing sectors to deliver measurable service improvements and cost savings. She also points to Enterprise's heritage in the insurance sector where the company has been instrumental in enhancing the claims management experience for motor insurers and their customers. This translates to better managed accidents and reduced downtime for corporate and fleet company customers.

Enterprise has invested heavily in developing innovative technologies that help body shops work more efficiently and allow information to be instantly shared between insurers, repairers and work providers.

Joanne continues: "Vehicle repair is complex. Multiple suppliers need to collaborate efficiently to deliver the right service to the driver and to manage costs. Communication is key and that is where Enterprise has developed award-winning technology to streamline the process."

Enterprise's culture of customer service is embedded throughout the business and underpins its accident management offering. As Joanne observes, "Some organisations want specific modules of accident management, while others prefer a fully outsourced solution. We offer both."

# Outsourcing advice on offer at Fleet Management LIVE

## Who should attend?

Fleet managers  
HR Professionals  
Finance  
Procurement Managers  
Risk management  
Transport managers  
Corporate mobility managers  
SMEs

Effective use of suppliers plays a key role in operating an efficient fleet and freeing up time to plan new strategies

**T**he correct use of outsourcing can make fleet departments more efficient and drive down transport costs. That is the message being directed towards fleet decision-makers who attend this year's Fleet Management LIVE.

While the word outsourcing can be a cause for concern for some, who fear the impact it may have on their role, in truth it plays a vital part in nearly every fleet operation.

For example, most car fleets in the UK use contract hire, which removes the burden of vehicle sourcing and finance, while fleet maintenance is typically handled by external suppliers.

The next step is to extend the role

of suppliers to handling day-to-day contact with drivers and even supporting the business on developing driver handbooks and fleet policies.

A key benefit of this approach is that the fleet manager, or their equivalent, has more working time to focus on strategic fleet management and planning.

Suppliers argue that outsourcing doesn't have to be a rigid process. Instead it can be flexible, to respond to the changing needs of the company.

In addition, bringing in supplier expertise vastly increases the fleet management knowledge which can be brought to bear on a company's

transport challenges.

This is particularly important in the current environment, where fleets face a number of challenges and changes, including new legislation, taxation changes and ongoing demands to drive down fleet costs.

For example, fleets are facing a strategic challenge over the future of diesel, as they balance the running cost and tax benefits of vehicles using the fuel against concerns that local authorities could soon begin to restrict access for some vehicles.

Fleet operators will have access to around 150 suppliers who can discuss their needs at Fleet Management LIVE at the NEC, Birmingham, on October 3-4.

## Outsourcing considerations

- What are the core strengths that need retaining in-house?
- Which processes are you thinking of outsourcing and why?
- Have you calculated the total cost of in-house management for each part of the fleet?
- What is the potential return on investment of appointing the outsourced supplier? What guarantees are provided for meeting targets?
- What are the dangers of not outsourcing? Is the business lacking in expertise? Could it cope with sudden changes and demands?

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## OCTOBER 3-4, 2017 NEC BIRMINGHAM

### Software on show at FML

Selecting the right fleet software can be a time-consuming task, but fleets can see a range of suppliers in a single day at Fleet Management LIVE.

Companies at the event include some of the leading brands in the fleet market including award-winning suppliers.

These include Chevin, Drive Software Solutions, FleetCheck and Jaana. FleetCheck

will be showcasing the software that led to it winning Fleet Specialist Supplier of the Year at this year's Fleet News Awards.

Other companies with software as part of a range of services include specialist fleet management provider Interactive Fleet Management, which offers products including the IFM App, and Telogis which will be showing its cloud-based Mobile Enterprise

Management software platform for companies that require dynamic routing, commercial navigation, advanced telematics and mobile apps.

AssetWorks will be showcasing its FleetFocus fleet management solution, while FleetCor will be briefing fleets on the technology behind its payments services that support 500,000 customers globally.



### Fleet advice from more than 20 speakers

Best practice advice for employees in every department dealing with fleet is on offer at Fleet Management LIVE.

A wealth of industry expertise from fleet managers, industry suppliers and fleet experts is available for visitors.

Speakers will be presenting in a series of best practice sessions and also in the Discover Fleet Theatre, which provides specialist fleet

advice for HR, finance and procurement executives. A session focusing on helping busy SMEs is also available.

Speakers taking part include specialists from companies including ALD Automotive, DriveTech (part of The AA), BCF Wessex Consultants, Chapman HR Consulting, Enterprise Flex-E-Rent, the ICFM, Lex Autolease and Zenith.

Presentations from fleets will include Red Bull and Zip Water.

Topics will include funding best practice for every vehicle type, covering cars, vans and trucks, telematics, legislation, managing drivers, risk management and corporate mobility.

For details of the added-value sessions, visit [www.fleetmanagementlive.co.uk/speakers](http://www.fleetmanagementlive.co.uk/speakers)

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# TRAINING PROVIDES A DEFINITE ADVANTAGE

Formal training ensures Red Bull's fleet manager David Oliver can carry out best

**A**n efficient and effective fleet is built on the foundation of good training. That is the view of David Oliver, procurement manager for Red Bull, which operates a fleet of 230 vehicles.

His training through the Chartered Institute of Procurement and Supply (CIPS) has provided a valuable grounding in the wide range of issues that need to be considered during the procurement process.

He says: "I trained through the CIPS, so did all different exams and I would recommend it. The modules provide a comprehensive overview in areas including tenders.

"People may think buying is straightforward, but it is so much more than that when you consider issues such as innovation.

"CIPS training gives you a definite advantage because you can appreciate all the things you need to consider. You understand more about value in procurement, rather than just price. It helps with fleet because it's a complex process that is ongoing, rather than a single purchase."

CIPS training covers a wide range of subjects, with courses including an introductory skills programme, public sector skills, effective negotiation, finance for procurement, developing contracts and the essentials of tendering.

Oliver has built on this strong base with extensive experience in procurement during his career, including buying roles at Newsquest and Rok before joining Red Bull in 2011.

Since his appointment he has been involved in a series of tenders for both vehicles and services at Red Bull and he believes building long-term relationships is essential to developing a smooth procurement process.

He says: "You need regular engagement. For example, we meet with Sytner [Red Bull's dealer partner] four times a year to exchange our objectives and understand new model developments – it's a collaborative approach.

"I have learned on the job and pulled in experts where necessary. I learn from suppliers and other fleets via publications like *Fleet News*, picking up new ideas.

"I am challenging of people but in a reasonable way. I task our suppliers to be innovative, pushing them to constantly improve.

"I am always interested in what they are doing because it builds knowledge so, for example, I am happy to get involved with early product testing. It's about continuous improvement."

Relationship building is a key part of the process, so regular meetings take place with suppliers and potential suppliers throughout the year, which helps when the time comes to issue a tender.

Oliver says: "We meet with the representatives of all the main manufacturer brands twice a year to share feedback and talk about areas such as model changes and lead times.

"These face-to-face meetings are the right kind of relationship management process, so that when the tender starts, there isn't a need for long meetings to cover background issues.

"You can get straight on with discussing the proposition. During the tender, there is already a relationship there; it provides a fast start."

During a recent fleet update, Oliver used a two-stage process, with the first stage based on an email requesting expressions of interest, which provided a clear brief on fleet requirements and the key success factors that would be used when benchmarking the process.

He adds: "This gives them something tangible to focus their submissions on."

Clear criteria included whole-life cost expectations, boot size and driver desirability, including tax liability.

The trigger for replacement is typically vehicles reaching the end of their fleet life-cycle, but Oliver may extend that cycle if it means the fleet is able to acquire a newly-launched model, which provides benefits for employees, who receive the latest version, and provides cars that are likely to have stronger whole-life costs than outgoing models.

A shortlist was then created before the second stage of the tender process, which

included a detailed review of costings with shortlisted suppliers and driver feedback through a demonstrator programme.

Seat won the tender and this year delivered 42 petrol-powered Leons to drivers during a national sales conference, with an additional innovation through a virtual reality handover.

This gave drivers a unique virtual tutorial using a VR Gear headset and Samsung smartphone to take them through the features of their new car.

The comprehensive handover covered everything from the major controls, to the in-car technology.

The Leon also represents the Red Bull's first ever petrol-fuelled fleet car.

Team members make multiple visits to retailers every day and drive up to 20,000 miles annually.

Oliver's analysis showed that the Leon's 1.0 TSI Ecomotive 115PS engine was competitive on fuel economy (64.2mpg) and also CO<sub>2</sub> (102/km) compared to a diesel, and delivered whole-life cost reductions.

While whole-life costs were a key factor in the choice, Oliver also took into consideration the current political climate surrounding diesel and whether that might have an impact during the four-year life of the cars, particularly when it comes to future residual values.

He says: "The fact that our incoming Leons, which are a step up in terms of technology and safety, are effectively costing the company and employees less than our outgoing vehicle is the icing on the cake."

Other brands on the outright purchase fleet cover Audi, BMW, Jaguar, Land Rover and Volkswagen.

The fleet of 230 vehicles, which has a four-year replacement cycle during which vehicles can cover up to 150,000 miles, includes 180 company cars and 38 promotional vehicles, three vans and some off-road vehicles for events support.

Fleet management support is provided by LeasePlan, which was brought in after problems with another supplier.

Oliver says: "We had issues with another supplier when we moved from contract hire to fleet management and we were not treated in the same way.

"Our original supplier was not hitting its KPIs and we tried hard to rectify it, but after escalating it for several months, it was clear it wasn't going to work and we sourced a new supplier."

LeasePlan was supplying Red Bull in

*"I am happy to get involved with early product testing. It's about continuous improvement"*

*David Oliver, Red Bull*

## practice purchasing programmes



### FACTFILE

**Company:** Red Bull

**Procurement manager:**

David Oliver

**Fleet size:** 230 vehicles; 180 company cars; 38 promotional vehicles; three vans; nine 4x4s

**Replacement cycle:** Four years/mileage varies

**Brands on fleet:** Audi, BMW, Jaguar, Land Rover, Seat and Volkswagen

**David Oliver places his focus on building partnerships with suppliers**

Europe, so Oliver was able to source expert recommendations internally before deciding whether to appoint it as a supplier.

He adds: "There was a brilliant handover and they provide a very good management service to support our small team. We also sought assurance on customer service levels."

Oliver feels it is important to focus on partnership with suppliers, rather than punishing them for service failures.

He says: "There are not penalties, but if they fail I would look for them to put us back in the position we would have been had there not been a problem and subsequently change the

process to make sure it doesn't happen again."

Overall, the developments reflect the brand behind the Red Bull fleet.

Oliver adds: "All our initiatives help us to have a professional fleet that is representative of our brand and image."

# PARTNERSHIP APPROACH TO BETTER FLEET PURCHASING

VPS Group's fleet manager Steve Mulvaney uses expert advice to deliver a more

**V**PS Group is revitalising its fleet and delivering service, maintenance and repair (SMR) cost savings by working in partnership with a key supplier to drive better purchasing.

The company, which operates nearly 500 vans and 79 cars, along with four HGVs and 40 items of plant and machinery, has introduced a series of changes since partnering with Fleet Service Great Britain (FSGB) two years ago.

The two businesses have worked in partnership on a range of procurement projects to add insight to the purchasing process, including changes to the manufacturers that supply the fleet.

Head of fleet Steve Mulvaney worked with FSGB to focus on a whole-life cost approach when it was renewing its commercial vehicle fleet, balancing low acquisition prices and strong running costs that benefited the business with higher specification for drivers.

The company now operates a dual-badge Ford and Peugeot commercial vehicle fleet, with Ford providing tippers and Peugeot supplying panel vans.

Mulvaney says: "Peugeot had a good offering when we looked at total cost of ownership with FSGB. Engineers love the vans as they are fitted with air conditioning and satellite navigation, all the equipment a driver really wants and that was part of a competitive deal.

"The feedback on the vans is very good. They are new on the road, so it's early days, but there have been no issues. We will roll them out and see how we get on."

The fleet operates on a five-year, 150,000-miles replacement cycle, so, as part of the supply arrangement, VPS Group secured extended warranties and breakdown cover.

Manchester-based VPS Group secures more than 50,000 properties and employs 1,500 staff in locations across the UK and mainland Europe, many of them in urban areas, so the review also included an assessment of low-emission zones and potential diesel bans during the life of the diesel-fuelled fleet.

Mulvaney says: "The research I have seen indicates that diesel is still the best option for the next five years, particularly when you include the impact of AdBlue."

However, this does mean training the drivers so they understand it and what they need to do.

"As low-emission zones come into force, we may need to swap vehicles around to take legacy vans out of London, but we have that on the radar," he adds.

In addition, major SMR cost savings are being achieved through the partnership.

The contract with FSGB covers the delivery of a broad range of in-life fleet services that includes accident and risk management as well as vehicle maintenance and rental management and management services related to vehicle taxation and fine payment.

All VPS vehicles have SMR work undertaken through FSGB's nationwide independent garage network, which helps ensure high service levels and low costs when procuring vehicle servicing.

When FSGB took over maintenance management of the fleet the pence per mile operating cost on a sample of 176 vans was 5.12p per vehicle per mile. That figure has now reduced to 5p per vehicle per mile across a sample of 196 vans – a 2.3% drop.

Overall, FSGB data shows that, despite the fleet working harder with average mileage rising, average fleet costs per vehicle are reducing.

Mulvaney says: "The data provided to us is extremely robust and it is highly probable the savings are even higher because at the time FSGB took over maintenance management of the fleet costs were not being recorded as accurately as they are now.

"FSGB is responsible for the day-to-day management of the fleet and all remedial vehicle work is carried out through its own appointed garage network. We have service centres nationwide so it is important we have reliable garages that are close to our vehicle locations.

"We are totally satisfied FSGB is spending our money as though it was its own and is

constantly monitoring every penny to ensure we receive value for money. Working with FSGB is great as the company acts as part of our fleet team."

VPS Group is also using Achieve, FSGB's driver management service, to minimise unplanned costs, such as accidents or unexpected wear and tear.

The programme has been developed to continually measure driver performance, while also ensuring compliance, and by acting on the data and management reports provided, vehicle-related costs will reduce.

The Achieve programme is continually evolving, but the 'toolbox' includes a driver app with a wealth of features delivering support to employees at the wheel of company vehicles including prompts to carry out weekly checks on their vehicle, which is supported by monthly checks by service centre and depot managers.

Driver performance data is also fed into the online system from a variety of sources including telematics, details of any fines and crash history.

Mulvaney says: "The driver app benefits VPS by allowing us to carry out full vehicle inspections both scheduled and ad-hoc at the touch of a button.

"This information is seamlessly uploaded into the customer portal for immediate review. We now have a better view of the condition of our fleet at our fingertips.

"Additionally, drivers can now book service, tyres and glass requests direct on the app. It is excellent technology, seamlessly delivered.

"VPS is now able to manage its driver influenced costs through Achieve. We are receiving some excellent information on all aspects of the fleet.

"We are taking the raw data and using it in management reports that are sent to the board weekly and monthly."

VPS is also using the data relating to cost-influencing factors such as fuel use, tyre wear, the replacement of friction parts and in numerous other areas as the basis for a driver reward scheme.

Mulvaney says: "Improving the safety of all our drivers and the fleet is a priority for VPS with driver education critical to safety and cost management. We use the data FSGB is generating to show drivers how they can improve and, potentially, introduce new initiatives and targeted interventions where an issue is highlighted."

FSGB head of sales Marcus Bray adds:

*"The data provided to us is extremely robust and it is highly probable the savings are even higher"*

Steve Mulvaney, VPS Group



## efficient, effective fleet



### FACTFILE

**Company:** VPS Group

**Head of fleet:** Steve Mulvaney

**Cars:** 79

**Commercial vehicles:** 488

**Plant and machinery:** 40

**Funding:** Outright purchase (vans)/contract hire (cars)

**Replacement cycle:** Five years/150,000 miles

**Van brands:** Ford, Peugeot

**Car brands:** Audi, BMW, Ford, Mercedes-Benz, Volkswagen

**Steve Mulvaney says the driver app allows VPS to carry out full vehicle inspections – both scheduled and ad hoc**

"There is no doubt that the current VPS management, working closely with FSGB, is continuing to drive down costs. As FSGB builds up its database on each vehicle, we are confident significant further costs savings will accrue on a per vehicle basis."

VPS Group operates from 23 combined

service centres across the UK and Ireland securing, maintaining and managing vacant properties across a wide range of customer and industry sectors including retail, pubs, social housing, commercial property and construction sites.

Last year, it acquired Evander Glazing &

Locks, the nationwide emergency response and repair provider of glazing and locks which supports both the insurance and commercial sectors as well as direct to consumers. Two-thirds of its business comes from the insurance sector and includes the largest domestic home insurers in the UK.



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