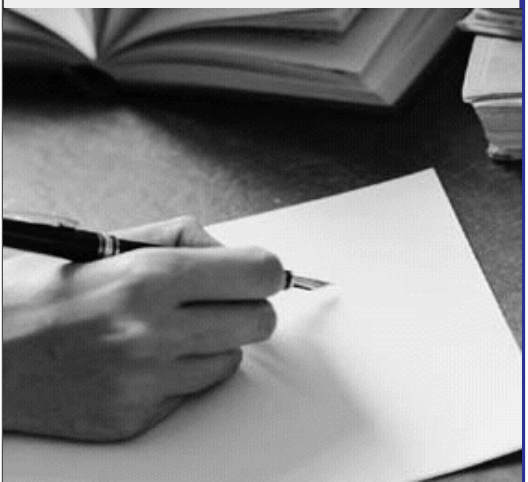
SSA Capital

Fleet Vehicle Management
Cost Reduction Project Case Study

Key Figures

Expenditure:	**$27.5 mm**
Savings Achieved:	**$3.3 mm**
Percent Saved:	**12%**



Objectives:

√ Review client's Fleet related expenditures and processes

√ Significantly reduce client's Fleet related expenditures

√ Streamline client's Fleet management process

√ Maintain high driver satisfaction, vehicle safety, functionality and performance

Situation Overview:

√ Client maintained a Fleet of approximately 2,000 vehicles

√ Client had a wide variety of vehicle usage requirements including: construction, sales force and executive usage

√ Nearly all vehicle leases were closed end leases (a lease arrangement with fixed lease terms and a predetermined vehicle return date)

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Project Activities:

√ Mapped client's current Fleet situation including: vehicle model mix, personal usage, current contracts and invoices

√ Interviewed Fleet managers and surveyed users regarding overall satisfaction of current vehicles

√ Assessed findings and developed savings strategies

√ Implemented savings strategies

Key Findings:

√ Through benchmarking it was discovered that better model mix alternatives were available at a comparable or lower cost

√ Fleet policies regarding vehicle model selection, maintenance timing, personal usage, and fuel reimbursement varied between divisions, were not clearly defined and were not adequately tracked and reported

√ Vehicle replacement cycling did not take into account financially favorable purchase and return timing

√ Approximately 20% of personal miles were unreported

√ Current vehicle incentives were below industry standards

√ Management fees on closed end leases were unfavorable to client

√ 25 % of vehicle drivers were unsatisfied with current model choices, functionality and overall ownership policies and responsibilities

Strategies Implemented:

After the data was reviewed and analyzed, SSA Capital and the client evaluated potential savings strategies. Two separate approaches were developed and implemented to reduce overall Fleet expenditures. The Process Strategies focused on creating more efficient Fleet tracking and management policies. The Supply Base Strategies were aimed at purchasing high quality vehicles at a lower cost.

1. Process Strategies

√ Implemented optimal mix between open and closed end leasing options within client's Fleet vehicles (helps to minimize cost of vehicle ownership across client's varying Fleet usages)

√ Instituted process for vehicle replacement cycling

√ Implemented a vehicle tracking process for repairs, accidents and personal usage

√ Introduced a Fuel Card and usage policy

2. Supply Base Strategies

√ Negotiated Fleet management fees

√ Negotiated more favorable manufacturer incentives

√ Implemented optimal vehicle model portfolio

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Results:

Original Expenditures **$27.5 mm**

Strategy	Savings Achieved	
	Current Year	**3 -Year**
1. Process Strategies (lease type, usage tracking)	$2.0 mm	$6.0 mm
2. Supply Base Strategies (negotation, model mix)	$1.3 mm	$3.9 mm
Total Savings Achieved	**$3.3 mm**	**$9.9 mm**
Percentage Saved	**12%**	

SSA Capital tracked key Fleet metrics before and after implementing the savings strategies. The table below illustrates the client's Fleet costs and satisfaction before and after SSA Capital's involvment.

Key Metrics:	**Before**	**After**
Total number of vehicles in Fleet	1,900	2,000
Total number of vehicle models in Fleet	15	10
Total Fleet Expenses	$27.5 mm	$24.2 mm
% of drivers "Very Satisfied" with vehicle and ownership policies	75%	90%