

## Consultancy Services

Delivering a Green Policy as Part of Fleet Strategy

 **Consultancy**Services

## LeasePlan Consultancy Services



### Agenda

1. Green fleet policy as part of overall fleet strategy
2. Financial case for companies/orgs to go green
3. Need to consider all factors of travel
4. Case Studies proving the effectiveness of a review
5. LeasePlans role as a proactive partner/supplier

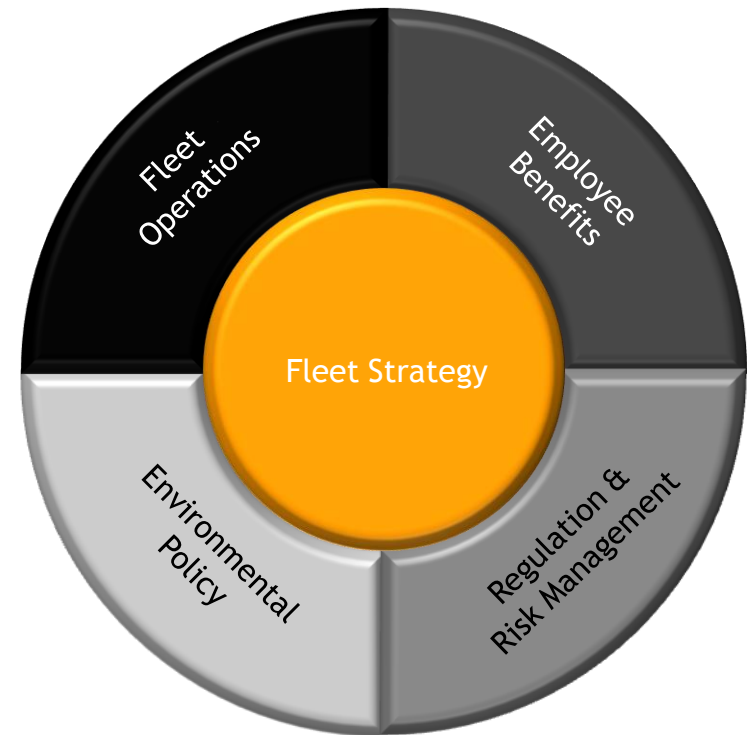
Consultancy Services was formed to provide impartial, market leading advice to assist clients in these testing times...

## Consultancy Services

<b>Customer Needs:</b>	Expertise to develop and operate a cost effective fleet strategy that takes into account changes in their business, legislation, tax and accounting issues, duty of care, corporate and social responsibility, and environmental issues.
<b>Value Proposition:</b>	Using experienced practitioners in fleet strategy and management, backed up by subject matter experts, proprietary analytical tools and unique databases sourced from the management of over 100,000 vehicles (cars and commercial vehicles)
<b>Differentiation:</b>	Truly objective and impartial advice to clients with access to the unique data, knowledge and experience of LeasePlan

...and by reviewing the overall fleet strategy we have assisted clients to maintain benefits - yet reduce costs and carbon by average 13%

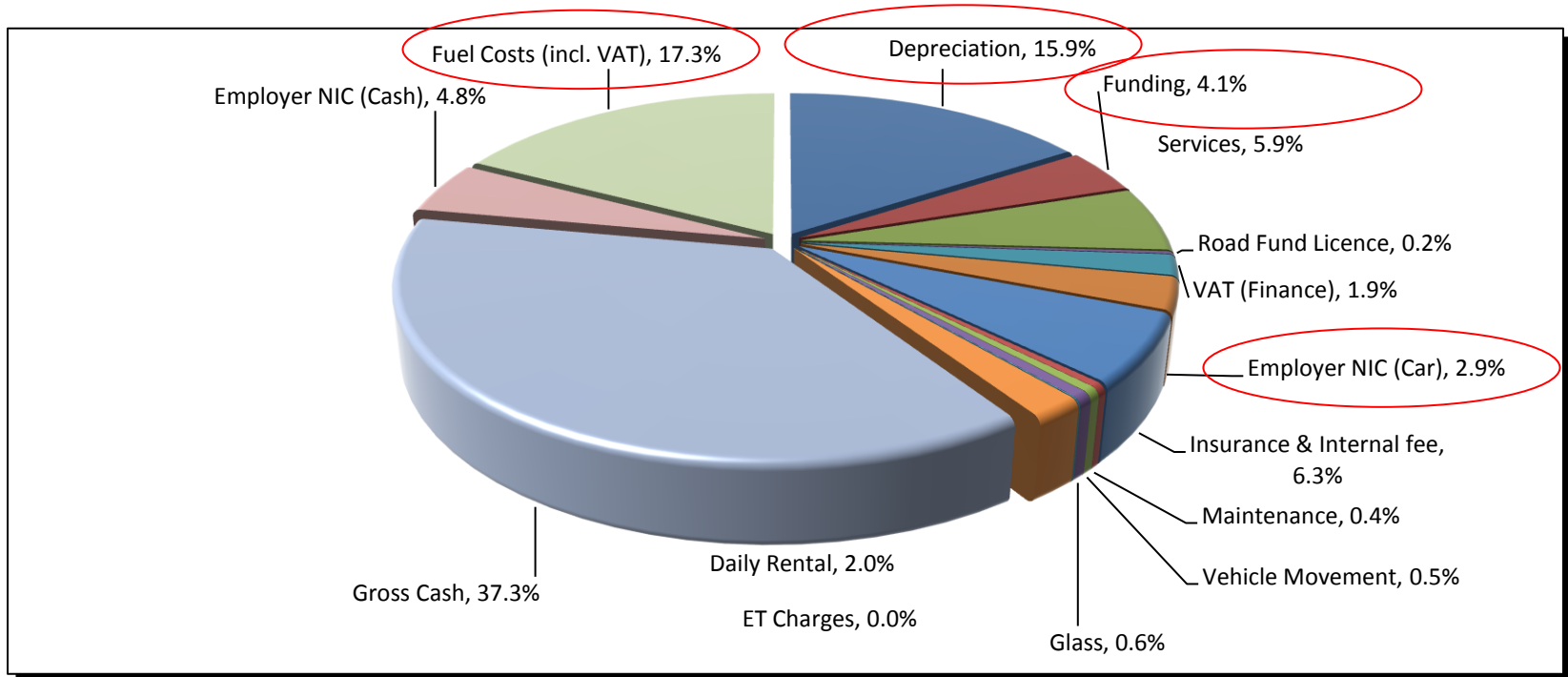
- **Fleet Strategy** sets out the purpose and requirements of the fleet to guide the management of the fleet over the next few years.
- **Fleet Operations** determines how the fleet is governed and managed. Decisions taken in this area dictate the total cost of running the fleet.
- **Employee Benefits** defines what role the company car (or the cash alternative) plays as part of the overall remuneration package.
- **Regulation and Risk Management** plays a significant role in managing the fleet. Duty of care is now a major consideration for the company fleet and the grey fleet. Compliance with a complex array of regulation is essential planning for proposed changes is needed.
- **Environmental Policy** needs to be considered by all companies not only because of the focus on carbon emissions but also because of the cost savings associated with reducing the carbon footprint.
  - LeasePlan is instrumental in leading clients in this field and we have introduced various industry leading solutions (GreenPlan/Nissan Leaf Initiative)
  - We are the only leasing organisation with TUV accreditation



...we commence the process by making the client aware what portion of their overall fleet costs can be affected by means of a GreenPlan

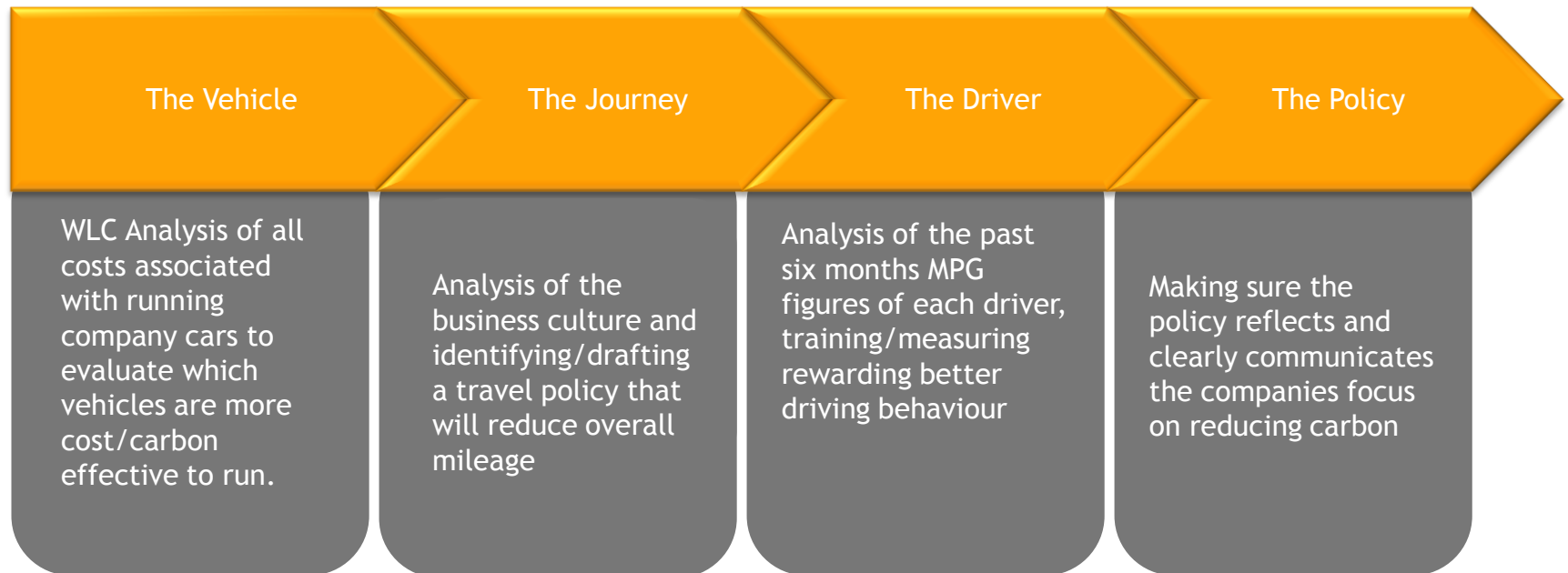
- ▶ Consultancy Services analysed 5 years of data to gauge the total cost of ownership of an average car fleet. The analysis was carried out on a sample of 1,000 vehicles from a range of industry sectors to give a representative result.

### TOTAL COST OF OWNERSHIP



- ▶ We complete the same level of detail for individual clients, and in doing so benchmark the clients costs and carbon efficiency from a financial aspect against the data that we have collected across our client portfolio

... The financial review is followed by identifying the key opportunities for cost/carbon savings...



... and for each client review carried out this year we have identified savings in excess of £250k per annum on average, and carbon reductions in excess of 10%

**PUBLIC SECTOR ORGANISATION**

Delivering significant reductions in carbon emissions from a major review of fleet policy

LeasePlan Consultancy Services developed a green fleet strategy to reduce carbon footprint and drive down costs.

**Our Client**

Our client is a public sector organization with a large fleet characterized by a very wide range of vehicle models. The fleet policy was based on providing employees with an open choice of vehicle with limited environmental focus or targets.

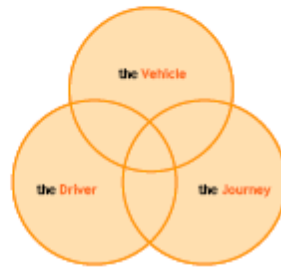
Increasing focus on the importance of environmental responsibility has led to the parent organization making a commitment to reduce their carbon footprint by 20% over the next 3 years. Fleet accounted for 5% of their total emissions and they were challenged with delivering a significant contribution to this target.

LeasePlan Consultancy Services were tasked with providing an objective and impartial review of the options available to the client to reduce the carbon footprint from fleet. We were also tasked with taking an innovative approach to identifying how a green culture and approach to employee benefit could be established.

**Consultancy Services Approach**

Any change in policy needs to take a structured approach. Key areas to consider are:

- A vehicle policy that balances 'fit for purpose', emissions and cost
- Employee benefit structured to reward the right choice of vehicle
- A culture which supports more effective journey planning and driver behaviour



**TOTAL CARBON SAVINGS:**

**25%**

**SERVICES ORGANISATION**

**Ricoh finds huge savings from fuel spend initiative**

Twelve-week project shows Ricoh how to reduce its fuel bill by more than £350,000 a year

By Gareth Roberts

**A** pilot project to monitor fuel use has revealed how Ricoh could slash its fuel spend by nearly 15%, bringing savings in excess of £350,000 a year.

The company was looking to tackle an annual fuel bill of almost £2.35 million from its fleet of 800 vehicles. The issue was a lack of management control over fuel reporting. Ricoh didn't know where its money was being spent, despite using Arval fuel cards.

"We had a fair amount of historic data, yet not sufficiently detailed and consolidated information that we could make informed judgements with," says Leanne Smart, Ricoh's fleet manager. "We knew what we needed was there, but getting it all into a usable format was a big undertaking and one that would need expertise."

The solution saw the document management solutions provider pull together a project team that initially included its fleet team and the consultancy services division of its primary leasing provider LeasePlan.

The project team decided to benchmark Ricoh's fuel spend by consolidating the historical information to find out miles driven, fuel prices paid and the economy being achieved.

It first needed a baseline from which Ricoh could identify the key areas to target for improvement and the actions that it would need to take.

Once LeasePlan had established the fleet profile, it brought its fuel partner Shell into the project team.

**Fuel spend**

The two companies developed an automated system to track the important metrics of Ricoh's fuel use, not just on a fleet-wide basis, but looking at individual drivers as well.

"We picked 40 drivers at random and put them into a 60-day pilot project with Shell and LeasePlan," says Smart.



**"The project showed how profound an impact careful management can have and the benefits of bringing suppliers together in one room"**

Leanne Smart, Ricoh

**Fact file**

Company Ricoh  
Fleet manager Leanne Smart  
No of company cars 800  
Funding provider LeasePlan  
Annual fuel bill £2.35 million  
Estimated project savings £350,000 a year (15% of fuel bill)

"The idea was to trial the reporting system and see if, through careful monitoring, we could impact on the amount of fuel our drivers were using and how much they were paying for it."

"We were able to quickly spot those drivers that were driving more miles and using more fuel than their colleagues. With LeasePlan, we worked with these drivers on a one-to-one basis to analyse their travel planning and help them drive much more efficient routes."

Smart adds: "Notably did this mean less fuel was needed in the tank, but it also helped line-up time in their day which was well received by the drivers."

One driver highlighted by Shell's detailed mileage reporting reduced their mileage by 65% after adopting the changes recommended, saving £59 in fuel in the first month alone.

By ensuring its drivers filled up at Shell facilities, Ricoh was also able to achieve an average price of £10.07/litre during the trial period.

That compared to an average fuel spend on its remaining cards with Arval over the period of £1.85/litre.

The savings, projected across the entire Ricoh fleet, are £721k a year.

**Driving style**

Not content with simply managing fuel costs and travel planning, Ricoh also made sure staff driving was part of the initiative.

Each driver was put through an AA eco-driving course which showed how each person could drive more economically.

The training was overlaid with regular reporting of the miles per gallon figure achieved by each driver, which created competition to drive more efficiently. The result was a 134% improvement of the overall mileage per gallon achieved

by the sample of drivers.

Spread across the whole fleet, this improvement in economy would cut £315,003 off Ricoh's annual fuel bill.

**Fuel cards**

The scope for cost savings was further enhanced through the potential of awarding fuel cards to the cash back population of Ricoh's fleet.

Currently, they claim an average 109,843 business miles a month. The company operates a fixed reimbursement rate, which results in an average payment of 10p per mile.

Comparing this to the Shell 10p/mile pricing structure, which equates to an actual cost of fuel at 9p per litre, there is a further savings potential of £122,286 if Ricoh extend fuel cards to all employees doing business mileage.

**Conclusion**

"It brought together a number of facets of fleet management, made possible through the collaboration of LeasePlan, Shell, the AA and our own team," says Smart. "In total, the pilot has proven potential savings of £350,000 for our fleet – a huge saving, and one that can be achieved with the minimum of disruption."

"Through the 60 days of the pilot, 98% of our drivers were able to fill up at Shell sites exclusively, proving that drivers would not be inconvenienced by using only the Shell network."

Smart adds that the project shows both how profound an impact careful management can have and the benefits of bringing together a number of suppliers in one room to work closely on a single project.

"That success has meant we've been able to take these ideas to other business units to bring the benefits to the wider company," she says.

**800**  
Number of vehicles on Ricoh's fleet

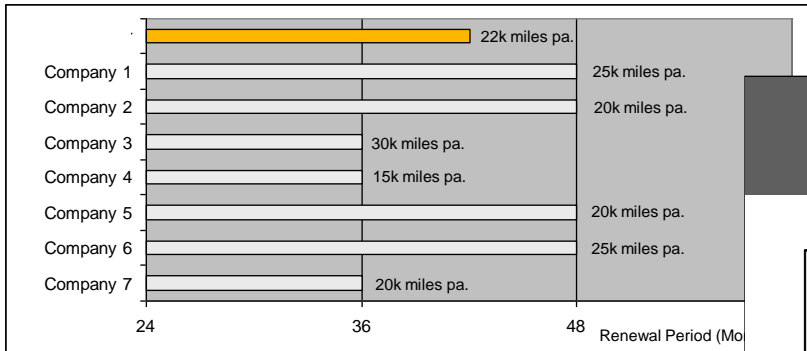
**TOTAL CARBON SAVINGS:**

**7.34%**

# We are also able to benchmark the clients carbon position to advise on the competitive aspect of their policy...

Benchmarking Against Competitors

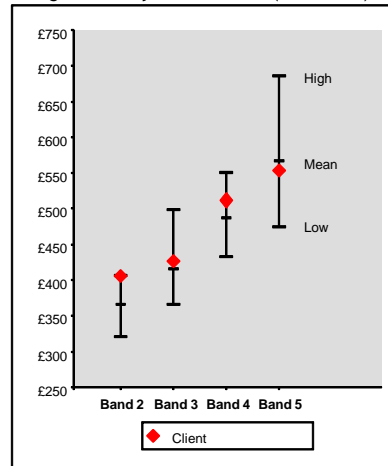
When comparing against direct competitors, client is at the mean for both the contracted terms and miles



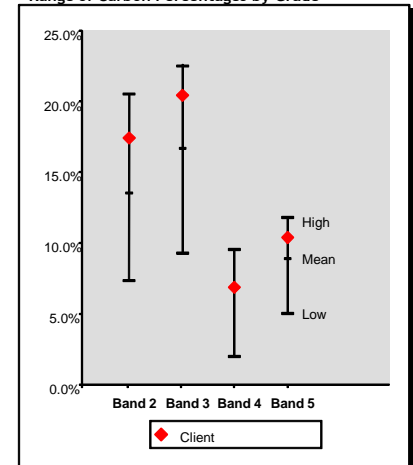
Benchmarking Against Competitors

The car benefit is close to the mean of main competitors except for Band 2 but Client has is not very competitive from a carbon perspective.

Range of Monthly Car Allowances (Normalized)



Range of Carbon Percentages by Grade



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... in total we have identified a staggering £9.2m worth of savings, with overall carbon savings of 13%

- ▶ Stuart Nutt - Procurement Director for Bam Nuttall:-
  - *“Thank you for the advice and reports you have given us. At no time did I think you were anything other than impartial and the really significant 'outside the box' point which I have asked our financial experts to consider further was your suggestion re fuel allowance payments for cash takers. I can only thank you again”*
  
- ▶ Trevor French - Facilities Director for Venture Finance:-
  - *“We would like to thank you and your team for their efforts in providing us with the statistical and financial analysis, which has been both informative and useful in reviewing our fleet strategy”*
  
- ▶ Phil Bradshaw - General Manager for Synthes UK:-
  - *“Once again I would like to thank you and your team for your help in doing this analysis, it was extremely valuable insight and has given us a solid platform to make the right decision for our company”*
  
- ▶ Carol Mayer - Procurement Manager for Oce UK Limited:-
  - *“I have actually used your report a few times already when having meetings with the Business Unit Controllers and it is clearly well received throughout our business in guiding decision making”*

## LeasePlan Consultancy Services



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