



WHY COMPANIES ARE MOVING

FROM A REIMBURSEMENT

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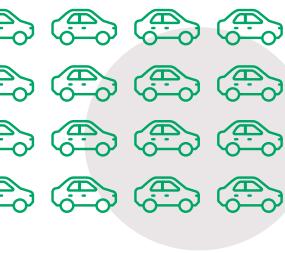
COMPANY-OWNED FLEET MODEL



FLEET MANAGEMENT

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YOU MIGHT THINK THAT BY USING A MILEAGE REIMBURSEMENT MODEL, YOU DO NOT OPERATE A FLEET. BUT YOU DO.



While true, you do not directly own or provide vehicles, you are paying employees for the use of their personal vehicles - and these expenses can be difficult to control and optimize.

As you consider your fleet management strategy, one of the most fundamental choices you need to make is deciding between an employee reimbursement model and a company-owned or leased fleet where employees are provided vehicles.

On the surface, the vehicle reimbursement model seems less expensive, easier to administer and easier for employees. However, a deeper dive shows the reimbursement model can cause problems for both drivers and fleet managers alike.

THERE'S NO ONE-SIZE-FITS-ALL SOLUTION, OF COURSE.

The right approach for your organization may involve a hybrid model at first, as you grow your company-owned fleet during the implementation period. While the transition from a reimbursement model to a company-owned fleet can be complex, an experienced fleet management company (FMC) can help you find the right approach based on your budget, needs and objectives.



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REASONS TO MOVE AWAY FROM A REIMBURSEMENT MODEL FOR YOUR FLEET.

Reimbursement models sound easy: employees receive a set amount of money, generally for odometer readings, to pay for and maintain their personal vehicle. Even if you make it part of your employee compensation package, the day-to-day administration should be minimal – at least in theory. **Unfortunately, it doesn't always work out that way.**



1. ADMINISTRATIVE OVERSIGHT

While some employees may prefer the reimbursement model, this puts the record-keeping burden on them. Reimbursement models are often based on the honor system: some will undoubtedly game the system, and others will routinely under or over report mileage. Processing these reports and tracking down discrepancies or policy violations can be time consuming for fleet managers.



2. SHIFTING CRA REIMBURSEMENT GUIDELINES

As you probably know, reimbursement for vehicle expenses is often based on CRA regulations - and these typically change every year. This can make budgeting difficult. Policy changes may also have tax implications for employees who are not reimbursed for all vehicle expenses or who also use their vehicle for personal use.



3. CUSTOMER IMPRESSIONS

Companies who have employees use personal vehicles to do their job have a mismatched fleet without any consistency in branding. Employees are responsible for maintenance and the appearance of their vehicle. Aged or poorly maintained vehicles may visually send the wrong message to customers and prospects about your business.



4. MAINTENANCE AND SAFETY

When preventative maintenance schedules are not kept or skipped, a vehicle may require extensive and preventable downtime for repairs. Having little or no insight into a vehicle's maintenance history, your organization may end up being responsible for large repair bills. You may also be exposed to significant loss of use and liability in the event of a crash or breakdown.



5. INSURANCE AND RISK

Your employees are responsible for insuring their vehicles. Are you sure they have the right level of coverage? Or have they opted for lower coverage options to reduce costs? Is there an acceptable level of exposure for your company under this self-insured model?

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REASONS WHY A COMPANY-OWNED FLEET MAY BE A BETTER CHOICE.

Managing a fleet is a complex, multi-layered process which, by its very definition, has a lot of moving parts. While a reimbursement model puts nearly all these factors beyond your control, a company-owned model can simplify everything.

1.

FLEET SAFETY

Employee safety is always a top concern. Your company-owned fleet gives you new ways to promote driver safety. You can now rest easy knowing employees are driving newer, well-maintained vehicles that include the latest safety technologies, including blind spot warning systems, backup cameras and other features that have become standard vehicle safety equipment.

2.

FLEET SIZE AND VEHICLE TYPE

With a company-owned fleet, you'll gain new levels of control over the types of the vehicles in your fleet. And when you partner with an experienced FMC, you will be positioned to find the best value through volume incentives and other volume-based purchase programs. By ordering newer vehicles can also be customized with colors and graphics, have the ability to advertise your services and ensure you're always sending the right messages to current and prospective customers.

3.

VEHICLE MAINTENANCE

A company-owned model will help you ensure vehicles are properly maintained. Even with a dispersed fleet, you can hold drivers responsible for completing routine maintenance on the manufacturer-recommended schedule. This ensures vehicles are kept in proper working order, to help reduce breakdowns and downtime. When you work with an experienced FMC, you gain new ways to track and monitor maintenance expenses, both on a per-vehicle basis and across your entire fleet. With the right partner, you'll gain access to a network of providers so vehicles receive the right service, at the right time, at the right price.

4.

VEHICLE TRACKING

Although not required, a company-owned fleet give your company the ability to use technology to optimize routes, get real-time alerts and monitor driver performance. It's made possible by a telematics device that is simply installed in each vehicle. It provides the opportunity to track idle time, optimize routes, track mileage to assist with maintenance scheduling. You'll gain real-time reporting capabilities and can even automate fuel expense reports and other tasks.

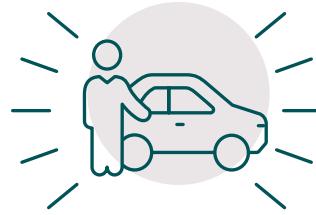
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BOTTOM-LINE SAVINGS

Under a reimbursement model, employees ultimately hold any equity in the vehicle, and they benefit from it when replacing the vehicle. However, when you own the vehicles, you can reinvest any value into the company, or use it to replace older vehicles. Plus, you'll be able to achieve even greater savings through your FMC's fuel and maintenance programs.

HOW TO GET YOUR EMPLOYEES ON BOARD WITH A COMPANY-OWNED FLEET.

As with any shift in your operating model, if you're ready to transition to a company-owned fleet, the best way to get your drivers on board is to move slowly. Changing to a company-owned fleet model is a fundamental change to the company and employees and requires clear communication and attention to details.



START WITH A TEST.

Most companies begin with a pilot group of drivers. This lets you iron out any potential issues. It helps you test policies, procedures and technologies. Most of all, it helps you develop a group of employee advocates who will advocate for the new program.



ADVOCATES



ADDED BENEFIT

COMMUNICATE AND LISTEN.

Clear, honest, two-way communication can make all the difference in your fleet's transition. Once employees understand the cost and safety benefits – and once they learn they may get to drive newer vehicles, equipped for their job – the company-owned program is viewed as an added benefit to employees, which has been proven to increase employee retention. Every step of the way, a strong FMC partner like Enterprise Fleet Management will be the expert voice you, your drivers and your company's leadership need to make the transition a smooth one.

WHY ENTERPRISE FLEET MANAGEMENT CAN HELP YOU BUILD A BETTER FLEET.

For nearly 70 years, Enterprise Fleet Management has been helping companies like yours maximize the efficiency of their fleets. When you trust your vehicles to Enterprise Fleet Management, your fleet can become one of your company's most valuable and productive assets.

Your local client strategy manager will partner with your team to build an end-to-end fleet management strategy. With an easy-to-manage plan in place, you'll improve driver performance and satisfaction and save money.



SCHEDULE YOUR COMPLEMENTARY FLEET ANALYSIS TO SEE IF THE TRANSITION TO A COMPANY-OWNED FLEET MODEL IS RIGHT FOR YOUR COMPANY.

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