

# WASTE NOT, WANT NOT



The time, cost and green savings you can make with your fleet are often intrinsically linked. Read on for tips on how to save money and 'green' your business

STORY MARK COUTER

**EVERY ORGANISATION IS** under constant pressure to improve efficiencies. Whether the push is for time or cost savings, it is invariably related to improving the bottom line. Today, though, the pressures are not just financial. Not only are organisations expected – by their staff, customers and other stakeholders – to run a tight ship financially, they are also under increasing pressure to 'green' themselves. This poses a difficult challenge for many organisations, who traditionally haven't necessarily had to worry about their carbon footprint.

Not surprisingly, cars are one of the biggest culprits when it comes to emitting carbon and, as a business owner, it is down to you to take on the environmental challenge. Here's the good news, though: by actually taking the environment into consideration when looking at your car fleet, you open yourself up to a host of potential cost savings.

This article looks at the time, cost and green savings you can make when it comes to your vehicle fleet. Generally, they are intrinsically linked; once you reduce one, another usually follows.

## TIME SAVINGS

Most companies are painfully aware how much time and effort it takes to manage a car fleet. Fortunately, there are a number of ways to reduce this and, in the process, set yourself up not just for cost savings, but a reduced environmental impact as well.

Firstly, you might want to consider outsourcing the management of your entire fleet to a specialist company. This can

be a significant time saving for companies, especially smaller ones who cannot afford to employ a full-time person to manage the fleet (and the masses of administration which come with it). In these companies it is often either the business owner themselves, or the administration/office manager, PA or receptionist who gets lumped with the task of trying to manage the company's car fleet. Think about it: do you employ these people to struggle through the reams of paperwork associated with vehicles? Or are they employed to actually do the job for which they are trained? It can be a real drain not only on the person trying to manage the fleet, but on the business itself because that employee does not have the capacity to perform his or her usual duties.

An outsourcing arrangement also means you avoid wasting time on vehicle maintenance and accident and breakdown management. Chances are that the office manager isn't a car expert so why would they know what a vehicle needs to keep it running at optimum levels? Worse still, what happens when a car breaks down or is involved in an accident? Managing these situations is incredibly time consuming and, once again, takes staff away from the job they are actually meant to be doing. Similarly, disposing of old vehicles and looking for new ones can waste hours of valuable time. It also exposes you to the world of used car sales

and auction houses where expertise and market knowledge are a valuable asset for the seller. If these skills are missing it can cost you not only time, but money as well.

Often, fleet management companies will offer an online service, which gives you instant access to information on your vehicle, whenever it suits you. For small business owners who often have no choice but to leave the accounting and management side of things until after hours, online access is vital to help keeping on top of things.

Fuel cards may also be an area you want to explore. Fuel cards are given to employees who use them to purchase fuel at participating fuel outlets. They mean you receive just one invoice each month for all your fleet and fuel expenses, streamlining the payment process. You do not need to process and reconcile multiple invoices, nor do you have to reimburse employees each month.

Consider what a vehicle will actually cost you over its entire life. For starters, you have to consider maintenance, registration, acquisition and disposal – all hugely time-intensive tasks, especially for someone with little understanding of the industry. All of these elements can be bundled into a fleet management package and outsourced to a fleet management company, reducing the time an organisation must spend on its vehicles, and like many other time-saving measures, also reducing whole-of-life costs.

## COST SAVINGS

Who once said 'the sum of the parts is often greater than the whole'? They could have been talking about reducing the costs of vehicle management. By considering all facets of a vehicle's costs, such as purchase price, maintenance and sale, organisations can better understand what a vehicle (and indeed a fleet) is going

to cost them over its entire life. This level of analysis ensures organisations are running vehicles consistent with their needs, while still operating at an optimal cost.

## GREEN SAVINGS

As one of the largest contributors to carbon emissions, vehicle operators are coming under increasing pressure to react. Most recently, the Government introduced the National Greenhouse and Energy Reporting (NGER) Act 2007, requiring some businesses to begin collecting mandatory information about their greenhouse gas emissions and their production and consumption of energy.

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While not all organisations will be required to report on their carbon emissions, these legislative changes are forcing organisations to start looking seriously at how they can reduce the impact on the environment. As the general public moves to a higher level of green awareness and therefore places increasing demands on their suppliers' environmental standards, climate change response programs are becoming more and more of a differentiator for businesses. Large and small businesses alike are all looking at ways to be better corporate environmental citizens.

For many businesses, the management and financing of their fleets is a critical element in addressing the issue of sustainability in their organisations. The vehicle fleet is usually one of the top three sources of carbon in a company's carbon footprint. By matching the fleet mix to their particular requirements at any given time, companies can optimise their resources, limit waste and reduce their environmental impact.

Programs such as Custom Fleet's *Drive Lightly* initiative can help organisations reduce their fleet's carbon emissions. *Drive Lightly* measures a company's carbon

## HOW TO ACHIEVE COST SAVINGS

Costs efficiencies can be improved by considering the following:

- Keep your fleet's maintenance and servicing up-to-date to avoid downtime and costs involved with breakdowns and repairs.
- Fix accident damage as soon as it occurs so that the condition of the vehicle doesn't deteriorate and become more costly to repair.
- Review your vehicle policy regularly. Are all the vehicles in your fleet right for your needs, or could you run your business using a more efficient model? Is there the opportunity to use pool cars to conduct your day-to-day activity?
- Know the vehicle legislation and tax rules such as Fringe Benefits Tax (FBT). There could be savings available to you depending on the vehicle usage, number of kilometres travelled and the method you use to calculate FBT.
- Fleet management companies can negotiate purchase prices on your behalf, though if you are managing the purchase of vehicles yourself try, where possible, to buy in bulk – you are likely to get a better deal on two or more cars than you would on one.
- Using fuel cards to manage your fleet's running expenses ensures tighter cost controls ensuring tempting point of sale items don't make their way onto your company's fuel receipts.



# “KEEP FUEL ECONOMY IN MIND WHEN SELECTING YOUR FLEET VEHICLES TOO”

► emissions, looks at ways to reduce those emissions and offers carbon offsets as a way of further reducing the

carbon footprint created through the use of a company's fleet. The program also gives organisations access to driver training to educate people on techniques to improve fuel efficiency and encourage driver safety. These can be as simple as not leaving your engine running when parked for extended periods, and removing items like golf clubs from the boot of your car to reduce the weight the vehicle is carrying.

Keep fuel economy in mind when selecting your fleet vehicles too. There are a whole host of fuel efficient cars out there which suit your employees' needs just as well as a gas guzzler, but without the level of carbon emissions. Programs like *Drive Lightly* offer a vehicle selector tool which helps organisations choose cars based on elements such as fuel consumption, environmental impact and whole-of-life cost.

In the end, an environmentally friendly approach is one of the most effective ways to not only reduce your fleet's carbon emissions, but actually save time and money as well. If you are operating your vehicles more efficiently, you are probably well on your way to improving the bottom line. **DB**

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## MAKING GREEN SAVINGS

- If possible, plan your route. By organising your day you can reduce the amount of kilometres you travel.
- Smooth acceleration and braking reduces the revving of your engine, increasing the fuel efficiency of your vehicle.
- Do not leave your engine running when parked for extended periods. Most late model cars do not need to be warmed up before you begin driving.
- Avoid harsh acceleration when towing – heavy loads increase your fuel usage.
- For low speeds, switching off your air conditioning and opening your windows or sunroof can save fuel. For high speeds, turning on the air conditioning and closing your windows or sunroof can be a better option as it reduces the drag on your vehicle.
- Remove items such as golf clubs and tools that are not being used to reduce the weight the vehicle is carrying.
- Maintain the correct tyre pressure to help reduce drag or rolling resistance.
- When carrying items in utes, trailers and on roof racks, cover your load. This helps increase the aerodynamics of your vehicle, reducing your rolling resistance and, in turn, your fuel consumption and emissions.
- Window tinting reduces the amount of heat entering the vehicle, reducing the need to switch on the air conditioning. The use of window shades while parked is also an effective way to reduce the temperature inside your vehicle.

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