

Case Study Overview:

AUTOMOTIVE FLEET MANAGEMENT

CLIENT BACKGROUND

Our client spends greater than \$100 million per year managing a fleet of 10,000+ sales force vehicles in Europe. The fleet was managed primarily by human resources departments in each regional sales center, and lacked a standardized sourcing approach across sites. This resulted in little leverage of scale, with over 30 different manufacturers represented and multiple independent relationships with suppliers.

PROJECT OBJECTIVES AND APPROACH

Axia was engaged to work with our client's sourcing group in the US to improve the European automotive fleet sourcing strategy. The strategy had to accommodate strict selection criteria, decentralized budgets and decision making, and fleet resources, while delivering the efficiencies and synergies of a centralized fleet management model.

Specific objectives included:

- Reducing the total cost of the fleet
- Rationalizing the number of manufacturers in each country
- Centralizing management of the fleet in Europe
- Reducing total fuel costs
- Improving the safety record of the fleet
- Improving the maintenance of the fleet

Axia worked collaboratively with the client to analyze the following areas:

- Manufacturer models

- Administration of the fleet
- Buying vs. leasing vehicles
- Replacement cycles
- Vehicle fuel efficiency
- Fuel purchase programs
- Insurance and risk management
- Networks of maintenance shops
- Vehicle usage policies
- Benchmarking of industry standards
- Driver requirements and satisfaction

We solicited several Requests for Proposals from many types of suppliers to obtain better pricing and gather insight about how the client could improve its fleet. Best practices were identified and explored, and through rigorous analysis and scenario building the team developed a new strategy which better aligned with the company's objectives.

IMPLEMENTATION

A significant driver for the success of the initiative was obtaining alignment from local leadership, human resources, and finance. Axia played a key role with local management on the implementation plan for all recommendations.

The effort enabled management to have a best-in-class fleet program in the region and a better understanding of the current fleet and its future needs, in addition to achieving the initiative's specific objectives.

Results and Value Delivered

- Saved greater than 15 percent per year in total fleet cost
- Reduced the number of manufacturers in Europe from 30+ to under ten
- Reduced the average number of manufacturers in each company from eight to two
- Improved the level of the vehicle models at a lower cost than that of the original vehicles
- Centralized the management of the fleet to a lease/administration company
- Rationalized insurance carriers and improved driver safety
- Reduced fleet fuel costs through fuel cards
- Harmonized vehicle selector lists