

As more and more Chief Executives are realising, company cars are too big an issue to leave to the fleet manager. These days, as global leasing firm Masterlease explains, the company fleet is not only a major cost centre whose management requires advanced executive skills, but also a symbol of an organisation's environmental responsibility

Make A Statement – With A Green Company Fleet



Nick Brownrigg, Chief Executive of Masterlease

British Airways' aircraft are highly fuel-efficient, as you would expect because of the soaring price of aviation fuel. But the UK flag carrier also runs gas-sipping cars as well as energy-saving planes. BA has just put its approximately 100-strong sales force behind the wheel of Honda Civic Hybrids, a vehicle that meets the toughest environmental targets. Not only is the new fleet making savings for BA in fuel costs, it has reduced the carbon footprint of the company cars by a third in a virtuous 'green' circle. Emissions from each vehicle works out at around two tonnes of CO₂ a year compared with the three tonnes per car of the previous fleet.

The greening of BA's earth-bound fleet was masterminded by Masterlease, a UK-headquartered group that manages some 210,000 company cars in 17 countries, mainly in Europe. As Chief Executive Nick Brownrigg explains, there's cost-savings as well as virtue in taking forward-looking, carbon-conscious decisions in the type of vehicle a company selects as its on-the-road flagship. "Chief executives, who increasingly make fleet-buying decisions, have the power to significantly reduce their company's carbon footprint", he says, "but it is important to understand this goes hand-in-hand with reducing costs."

The savings aren't just made in a lower fuel bill. More and more European governments offer significant tax cuts for 'green' fleets as an incentive to companies to 'do the right thing'. Although these regimes vary widely, some are modelled on the UK

system of CO₂ tax bandings.

However, the penny hasn't yet dropped everywhere, by any means. According to Mr Brownrigg, most organisations are yet to awake to the advantages of carbon-saving, fuel-sipping fleets. "This is surprising, considering the importance being placed on CO₂-based tax initiatives around the globe."

A new era

Things are changing though as chief executives and boardrooms take a closer interest in the company fleet instead of leaving it all to the fleet manager as has been the case for years. After polling 2,600 fleet decision makers in 13 countries, Masterlease found that a third of chief executives not only make the final decisions on the company fleet but they also run the budget. They may not make all the decisions – top executives in human resources and other departments also have a say – but the influence of chief executives and directors is growing. "The fleet has a significant impact on the bottom line and that is driving top management to take a bigger role in the decision-making process," concludes Mr Brownrigg. As BA recognises, in an environmentally aware age, the company fleet makes an important external statement about the organisation, and enlightened companies are taking a harder look at what is out there in the showrooms. According to Britain's Society of Motor Manufacturers and Traders, there's an accelerating trend for companies to turn

their back on 'gas-guzzlers' in favour of vehicles occupying the lowest rungs on the CO₂ vehicle excise duty band. "Cost pressures, environmental concerns and technological advances have ensured consumers are choosing to buy more efficient vehicles," the society's Chief Executive Mr Paul Everitt told the Daily Telegraph. Thus, vehicles emitting less than 150 grams of CO₂ per kilometre are being snapped up in bulk.

BlueMotion

A new breed of diesels is upping the ante. It's long been known that diesel-powered cars use about 20 percent less fuel than their petrol equivalent, but the new generation is exciting fleet buyers everywhere. "The increasing range of cars with CO₂ emissions below 120 grams per kilometre drive like normal diesels", adds Mr Brownrigg. "But they have a cleaner technology and attract the lowest vehicle excise duties."

VW's new BlueMotion technology makes the point. And at 100 grams per kilometre, the BlueMotion's emissions are low enough to satisfy the most ardent conservationist. As a bonus, adds Mr Brownrigg, "these vehicles hold their value well in the used car market."

Here come the hybrids

Diesel's long-standing, virtual monopoly in the race for fuel efficiency in Europe is however under challenge from hybrids. Although sales of the Toyota Prius and Honda Civic were sluggish at first, they are picking up with the help of government tax incentives.

While pointing out that hybrid vehicles are the first choice for carbon-conscious companies, Masterlease's Mr Brownrigg urges businesses to look at the hard numbers behind the hybrid technology. "Chief executives have to do the maths before investing in hybrids to ensure they make the right decision for the business and do not become seduced by the current hype."


EU-wide buying can make sense

In the pursuit of further economies in running the company fleet, more European companies are adopting EU-wide purchasing programmes. In the past, the standard strategy was to source fleets from multiple leasing firms based in each country. However, present trends are to sign up with just one or two suppliers across Europe. Until recently, it was only the larger multi-nationals that adopted this kind of bulk-buying strategy, but smaller businesses are following suit. This is not only because it is possible to extract a better price from a single seller, but because of the overall savings achievable from a common fleet. "If properly implemented,

it gives companies consistency", explains Mr Brownrigg. "Most pan-European companies, whatever the size, can receive financial benefits by sourcing their fleets centrally. They just have to be sure the supplier can offer them a local service on the ground in each country."

Driver education

And while investing in gas-sipping cars, why not take the next logical step of investing in gas-saving drivers, even if it's just a few euros? It may seem like a radical idea but Masterlease's research suggests its time has come. "Not enough businesses reward drivers for good behaviour," adds Mr Brownrigg. "We would like to see a system of incentives for drivers who show the most economical fuel consumption compared with those using identical cars. This could take the form of a financial incentive or even a bottle of champagne for the most efficient fuel consumption of the month." If nothing else, it would serve notice to leaden-footed drivers that the company has an eye on them.

Meantime, some things never change. The choice of company cars, not to mention the pecking order by which they are assigned, remains a highly sensitive issue that can define an employee's relationship with the organisation. A vehicle that wounds an employee's pride can even trigger his departure. According to new research by Masterlease, "almost a third of company car drivers questioned would leave their current job if they were offered the same job with a better car." 

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