



Fleets of **Any Size** Can Benefit From **Managed Fuel Programs**

A complete analysis of your fleet's current fueling requirements compared to your procedures now can be an eye opener. Fleets that "have" switched are realizing savings of 15 percent on their fuel operating expenses. **By Gene Allen**

President Harry S. Truman said it many years ago, "The buck stops here." When you're the man at the top, and all the justification for vehicle operating expense ends up on your desk, you have to search for a process to validate the day-to-day operating practices you are underwriting. There are numerous programs from safety and claims management to different types of vehicle purchase and disposal programs that will help, but nothing out there will eliminate unnecessary expense and wasted man hours as quickly and effortlessly as a properly structured managed fuel program.

Interviews with users of fuel management programs attest to the validity of such programs. No two fleets are comprised or operate the same, so individuality of structure of any fuel program is important.

Heather Jean Gossett, fleet administrator for Cable Express in Westerville, OH, told *Fleet Financials*, "I am so impressed at the efficiency of our managed fuel system that I can not think of any reason why I would ever voluntarily give up all the benefits I have received from them."

Many fleet managers know they need a managed fuel program, but are reluctant to approach headquarters with yet another request for funding, a change, or even a request to investigate such programs. If

your fleet manager approaches you mentioning a managed fuel program, do you give that individual the opportunity to explain the reasoning behind his or her request, and show the many benefits available to your organization, which are at virtually no expense to you?

Three Areas of Concern

Data from a recent *Fleet Financials* survey indicated three primary reasons why fleets of differing sizes don't have managed fuel programs. To that end, *FF* sent out a follow-up survey to investigate the three major roadblocks. The three major concerns reported were: "No upper level management support," "I think it would cost my company too much," and "I really don't think it will benefit my company." Do you see any correlation? Let's look at these three concerns one by one, said Gossett.

"The lack of upper-level management support," in most cases is directly connected to a lack of understanding managed fuel programs. One fleet manager who responded to *FF's* survey said, "During a meeting on how to improve fuel cost management, using a managed fuel card program was discussed. The response to this was that more information was necessary to clearly show that significant savings could be gained over the expense of implementing and maintaining the fuel cards. There was

not a lack of recognition that fuel costs were impacting fleet operating costs, but rather that a managed fuel program was the solution." *FF's* survey revealed that, on the average, fleets that move from no fuel management program to a managed fuel program realize savings of 15 percent on their overall fuel management costs. Reduced paperwork, convenient fueling and cost controls, all contribute to these savings.

Understanding Managed Fuel

Any and all concerns can be overcome if the fleet manager or administrator does his or her homework and presents a comprehensive program with all the costs and benefits outlined. Most fuel management providers will be happy to sit down with you and review where you might save money, estimate what your potential savings could be, and lay out a custom-designed program that is best suited to company needs.

Some companies may want the best fuel prices, and some convenience while others are only concerned with data capture and controls. Whatever your choice, a flexible fuel management program can accommodate your needs.

Perhaps the first step in mapping out a plan to investigate any managed fuel program would be to do a complete analysis of your company's procedure and the related cost. Contact industry peers and

quiz them on their best practices and lastly, call in several fuel management companies and allow them the opportunity to custom design a program that fits your needs.

“I Think it Would Cost Too Much!”

The key word here is “THINK.” Ana C. Flood, assistant to the treasurer/CFO of Muropharm in Tewksbury, MA, said, “I was under the impression that the cost for the fuel card would be substantial. However, after learning that the monthly charge was negligible, I was motivated to switch to a managed fuel program. We put our company fleet of 200-plus vehicles on a managed fuel program in February 1999, and the benefits are numerous. For example: less paperwork, no monthly expense reports to track, and fuel type and price are being properly monitored, managed and controlled.”

Managed fuel programs offer you established controls at the cardholder level.

FF's survey clearly demonstrated the substantial savings associated with a managed fuel program far outweigh the cost of the program. Without card level controls, it's easy for an employee to misuse a corporate card – whether it's intentional or not. Managed fuel programs offer you established controls at the cardholder level. The data your company receives can help you track and control expenses, make informed decisions by monitoring miles-per-gallon variances, review fueling discrepancy patterns, noting product variances, checking excess fuel purchases and transaction types relative to the account. Gossett of Cable Express also told *FF*, “With the reporting I receive from my fuel management provider, I can pinpoint, within a few seconds, the gas station that currently holds the lowest price on

gasoline in each city we are located in, and pass that information along to my managers. With this information the drivers can actively participate in cutting the company expenses,” Gossett added.

What more could a president or CEO ask of a program than a sure-fire way to involve the employees in the cost-control process?

Monthly Program Expense \$51

Gossett went on to say, “The managed fuel program cost is very minimal and the rewards great. During the month of February 2001, the only related cost, other than the cost of the fuel for our 700-plus vehicles, was \$51. That was to cover the cost and delivery of 10 fuel cards that were either lost or stolen. We feel that without a managed fuel program and its many benefits, we would have to hire at least one full-time employee just to track fuel data, handle billing, and create all the reports we currently receive as part of the package.”

If you addressed items one and two properly, number three, “**I really don't think it would benefit my company,**” should take care of itself. Just remember, each company has its own set of priorities, goals, and budget, and as such, a custom-designed program that gives you as little or as much as you “**REQUIRE**” is what you're striving for. The real strength of a managed fuel program is flexibility.

Employees Hate Change

Maybe you're thinking there could be some resistance from your drivers if you switched to a managed fuel program, and you'd probably be right. Anytime a new program or procedure is introduced, the rank-and-file employees somehow feel they are being put upon and Big Brother's watching them. This is sometimes the case with instituting a fuel management program.

Frank Memolo, fleet manager of Panasonic, based in Secaucus, NJ, told *FF* in an earlier interview, “There were some minor driver concerns at the beginning of the

transition period. However, after a short time everyone agreed on the convenience of a managed fuel program and that one-card-covers-all was a good idea.”

Small Fleet Concerns Are Voiced

Although the three items just discussed were apparent in the responses from fleets of all sizes, there was one other concern prevalent in the small to mid-size fleets of 25-499 vehicles: “**I really don't know enough about it.**” This is probably due to the fact that many small and mid-size fleets are not as visible to vendors, and as such might not be contacted as readily.

There is also a misconception that the fuel management companies aren't interested in small and mid-size fleets. Not necessarily so! *FF*'s survey showed that fuel management providers work with fleets from one to more than 70,000 vehicles.

An additional concern voiced in the follow-up survey was the availability of fuel facilities that accept the fuel management provider's card, especially in rural areas. Today's fuel management providers have accounts established at tens of thousands of stations throughout the U.S. Chances are very good there is a station in your area that's currently aligned with a program provider. 

Final Thoughts For Savings

- ◆ How are you currently controlling the fuel management facets of your fleet's operation?
- ◆ How many folks does it take to administer your current fuel program?
- ◆ How many oil-company or charge cards could you cut out through consolidating purchases under one card?
- ◆ What about the convenience and cost savings of one master bill?
- ◆ Could you possibly justify a reduction in work force through standardization?
- ◆ These are all concerns that when properly addressed, should greatly aid any presentation and request for authorization for a managed fuel program.