

Solutions Brief

Customer:

Wisconsin based health care provider with sites in more than 90 communities throughout eastern Wisconsin, including 13 hospitals, and more than 140 clinics.

Vehicle Fleet:

290 vehicles consisting of sedans, minivans, cargo vans, passenger vans, pickup trucks, and small and medium trucks.

Background:

- Vehicles were being purchased or leased at departmental levels throughout locations within the organization, and often from whatever was available in dealership inventory. This often resulted in purchasing the wrong vehicle for the application and paying too much for the vehicle by not taking advantage of a collective volume discount from the manufacturer.
- There was no evidence of a vehicle cycling plan and replacement was often driven by the ability to gain budget approval, this resulted in vehicles being operated too long and incurring excessive repair expenses, experiencing poor reliability, and diminished economic value at time of remarketing. The aged vehicles also did not represent the desired corporate image which resulted in hesitancy to display logo graphics in order to take advantage of marketing their brand name.
- Decentralized management also resulted in vehicles being added or removed from service without informing the risk department. There were instances of vehicles being reported to be removed after years in service and never having been added to the vehicle insurance list.
- Operating expenses were not being tracked well in most departments, preventing data mining to assist and empower managers to make informed decisions to properly manage vehicle expenses. Executives believed that overall vehicle expenses were too high while receiving numerous complaints from departmental levels that the vehicle fleet was both inadequate and unreliable.

The Challenge:

Reduce operating expenses, and relieve the \$6 – 7M capital investment in the fleet. The following areas were identified to be essential in order to accomplish the objectives.

- Centralize data collection from vehicle fleet operations in order to implement better controls and lower overall operating costs.
- Standardize vehicle specifications when possible to avoid unnecessary options and substandard specifications.

- Centralize vehicle acquisition to better control pricing and enable manufacturer volume discounts. Factory order vehicles whenever possible to lower prices.
- Analyze available maintenance data in order to explore and identify optimal vehicle cycling points and lower depreciation expenses.
- Explore the cost and benefits of leasing in order to free up the capital investment in the current vehicle fleet and implement a comprehensive vehicle management program to better control operating expenses.
- Outsource administrative tasks associated with the vehicle fleet wherever possible and improve overall service levels for the cost centers.

The Results:

Ewald Fleet Solutions conducted a survey with all departments to collect vehicle specifications, current mileage, and condition for the entire fleet. This list was reconciled with the risk department. The survey identified undocumented vehicles in service as well as vehicles listed in service but previously removed.

A representative sample based on a department that maintained the most accurate records was identified. Maintenance data, vehicle purchase history, pricing, remarketing results for vehicles taken out of service, and other key and significant data were collected from the representative sample. The information from this department was used as a basis for lease vs. purchase comparisons and to identify alternate cycling plans and potential cost reduction.

The maintenance data was banded into mileage categories, and graphed in order to identify better cycling points. The result of this study identified that it was less expensive to remove the vehicles from service earlier, eliminating excessive maintenance costs and obtaining greater vehicle value at time of remarketing. This enabled the customer to operate a more current fleet of vehicles at a lower overall cost. The lease vs. purchase comparison favored leasing based on internal cost of funds and the ability to reduce purchase prices by capturing volume discounts with a more aggressive cycling plan.

With the client's approval, Ewald Fleet Solutions implemented a comprehensive vehicle management program. Results were measured and reviewed during periodic fleet reviews conducted, with the following results:

- Volume discounts were negotiated on behalf of the customer ranging from \$1,500 to \$2,500 over and above national fleet incentives.
- A selector list was developed and vehicles were standardized wherever possible. This enabled vehicle operating cost comparisons and benchmarking to better manage the fleet.
- The customer enjoyed the benefit resulting from outsourcing the majority of administrative functions including researching new vehicles to determine best fit



and price, administration of registration renewals, and ensuring compliance with the customer's process and procedures.

- Departmental managers benefitted from Ewald Fleet Solutions administrating a consultative service with vehicle selection and cost reviews, and were better empowered with information when making decisions.
- Vehicles were delivered to departments, turnkey with applicable upfitting complete, graphics installed, and ready for service. Vehicles removed from service were picked up and remarketed by Ewald in a timely manner and in the best interest of the customer.
- Centralized acquisitions resulted in a savings of over \$350,000 in the purchase price after 142 vehicles were delivered under Ewald Fleet Solutions' Vehicle Management Program.

About Ewald Fleet Solutions

Our History

Ewald Fleet Solutions offers products and services through Mayfair Leasing, Mayfair Rent-A-Car, and the automobile dealerships of the Ewald Automotive Group. Ewald Fleet Solutions is part of the Ewald Automotive Group, a family-owned Wisconsin company since 1964 providing both consumers and businesses with customized transportation solutions. In addition to Ewald Fleet Solutions' services, the Ewald Automotive Group offers a comprehensive array of vehicle programs for businesses, including Mayfair Rent-A-Car, Ewald Commercial Fleet Sales and Automotive Advantage - an employee purchasing program.

Vehicle Management Program

Professionals from Ewald Fleet Solutions will meet with you to review your current situation and future needs. Then, we'll recommend a plan that will generate significant savings on every vehicle you own or lease. And we'll achieve those savings while managing your whole vehicle program for you. Make our leasing experience your advantage, no matter how large or small your fleet. Leasing gives you the flexibility to tailor your vehicles to meet your company's unique operating requirements. We offer a variety of lease options to improve your cash flow and enhance profitability.

For more information contact Bob Rothe at 262-513-3300

