



Optimal replacement and leasing strategies increase savings and morale

Challenge

Several years ago, a food and beverage company struggled with company morale and high turnover among drivers. When surveyed, drivers cited the quality of the company's fleet as one of the most influential factors in job satisfaction. The family-owned company had previously used cash to purchase vehicles. Over time, the vehicles became drafty, noisy, and required constant maintenance and repair.

The inability to keep vehicles on the road created productivity issues and delivery delays. And older vehicles required costly maintenance and lacked optimal fuel economy. Frustration with maintenance hassles and extended downtime led to high driver turnover.

Solution

When the fleet services manager joined the company, he asked senior management why they were investing capital dollars in the company's depreciating fleet assets. He knew there had to be a better way, and that by exploring alternative financing options, he could uncover additional value. But he needed the right partner to bring the idea to fruition.

Element Fleet Management played a key role in helping the company make a change. With Element's flexible finance options, the company could acquire new fleet assets with less burden. Through a comprehensive analysis, Element determined that the company should transition to leasing more than 60% of its vehicles with plans to add more vehicle leases as older vehicles are replaced.

Fast Facts

Industry

Food and beverage

Fleet size

3,100 vehicles, classes 1-8

Fleet type

Delivery



With Element's flexible finance options, the company could acquire new fleet assets with less burden.

"We were able to upgrade our fleet in a larger quantity because of financing from Element," said the fleet services manager. "Element took the time to get to know us and assess who we are and what we do so we could choose the right vehicles for us to do our business."

In addition to leasing, the company relies on Element to track essential fleet performance metrics and provide actionable insights for continued improvement in several key areas including refining risk management and safety solutions. With Element's client portal, Xcelerate, the fleet services manager can quickly and easily view performance details of each vehicle, manage expenses, and make essential cost-saving decisions for the good of the entire business.

"With all of the customer data Element has access to, the company is a wealth of knowledge when it comes to understanding costs," said the fleet services manager. "Element helps us with the specifications of vehicles, sourcing vehicles, calculating cost per mile, and understanding the impact of vehicle longevity."

Results

The fleet services manager contributes much of his fleet's improved performance over the years to the resources, expertise, and collaborative approach Element brings to the table. Element's financing structure allows the company to quickly introduce newer, safer vehicles into their fleet and realize immediate value in the areas of maintenance, fuel, and collision management.

As for operational impact, the fleet services manager explained that showcasing a reduction in the company's cost per mile is an important value metric for both his team as well as executive leadership. Considering how many miles the fleet travels each year, fleet optimization contributes greatly to the company's bottom line. In addition, with less up-front capital needed to acquire vehicles, the company is now able to reallocate essential funds for other core business investments.

Reflection

When asked about the value of working with Element beyond the balance sheet, the fleet services manager reflected on his former struggles with employee morale. "You can't put a dollar amount on it, but everyone benefits when drivers are happy to have a nicer vehicle in the driveway," he said. "When our drivers are excited to go to work, our customers see and feel the impact."

The fleet services manager says he appreciates the relationship he has with Element. "Behind the scenes, they make me a hero. They get things done in a timely manner with very little financial stress. This shows the quality and class that they bring to the table. Element is the best of the best. It's been a great partnership."

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Fleet Services Manager

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For more information, contact Element Fleet Management at elementfleet.com.



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