

AfMA Fleet Management Conference

Fleet Management

Self Manage or Outsource?

Benefits and Pitfalls

grey advantage

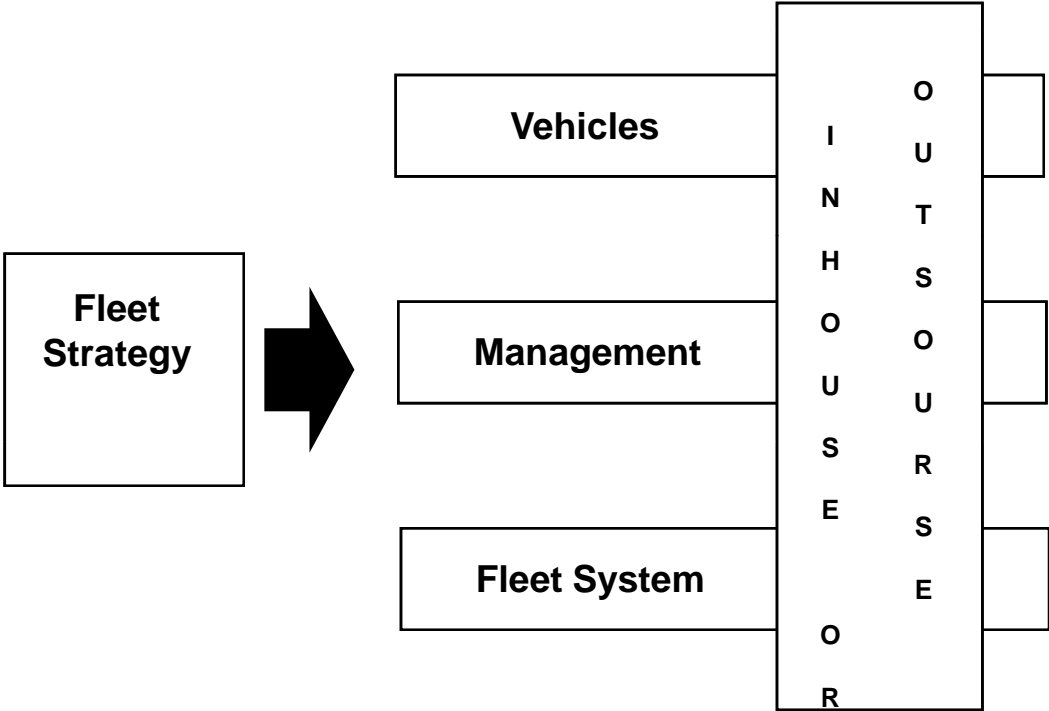
strategic business advisors

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Outsource or In-house?

1. What purpose is served by continuing to own and operate a vehicle fleet?
2. What is competitive advantage and how do you know if you have it?
3. How do key stakeholders perceive the services provided - will outsourcing make it better or will it just go away?
4. If you had to improve efficiency by 20% which path would you take?
5. Which method best results in environmental sustainability, safety and efficiency?
6. What are the risks and benefits?

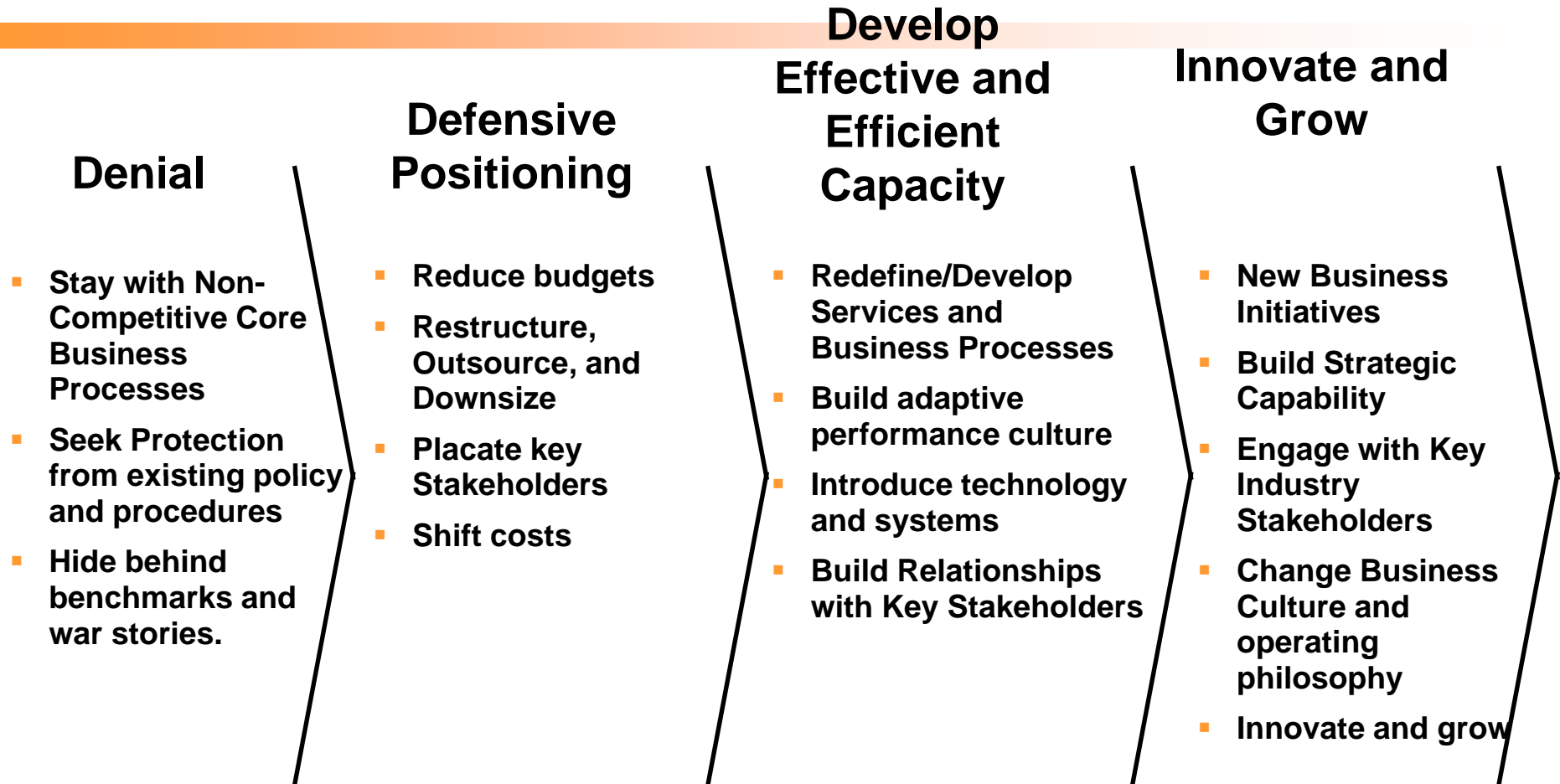
“There are as many reasons to outsource as there are to in-source - its just that the in-house ones are better!”



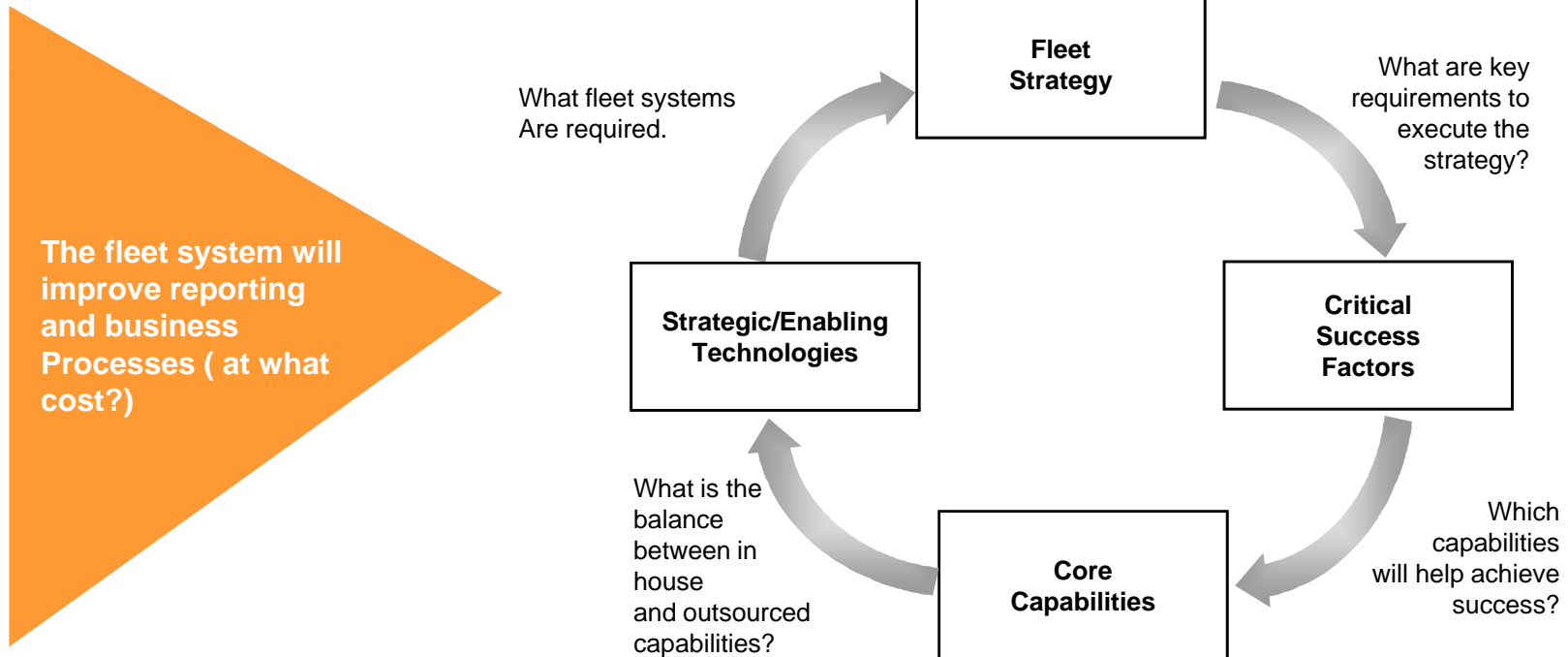
Key Outcomes

- Transparent, measurable and achievable results.
- Fleet aligned to the organisation’s strategic priorities.
- Satisfied customers.
- Focus on “quick hit” wins.
- Vehicles delivered in the most efficient and effective manner.
- Timely and accurate reporting of fleet performance
- Savings of > 20%.

Options for transforming fleet management - where does your organisation fit?



A good fleet management system is required to drive improvements under either outsourced or in-house management

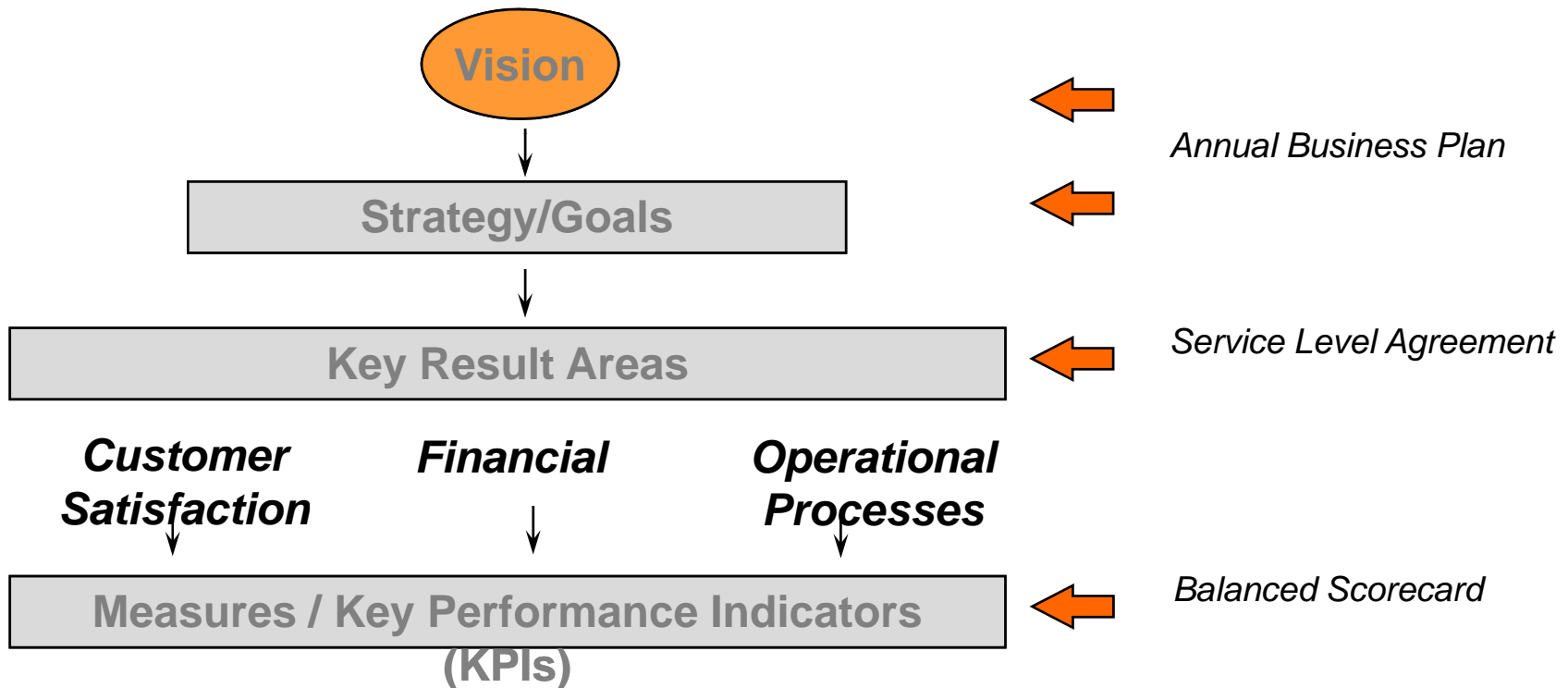


Outsourcing - Strategic partnership is the key

Strategic Vendor Relationship

- ✓ A commitment to superior performance by both the Purchaser and the Service Provider
- ✓ A joint culture is developed which promotes fair, open and honest business dealings
- ✓ All parties work cooperatively with a commitment to issues resolution in a non-adversarial manner
- ✓ Equitable sharing of risk based on a clear understanding of roles and responsibilities
- ✓ Remuneration linked to performance, supported by incentives and remedies
- ✓ Transparent reporting of results

In-house - Alignment with strategy and a robust performance management framework is key.



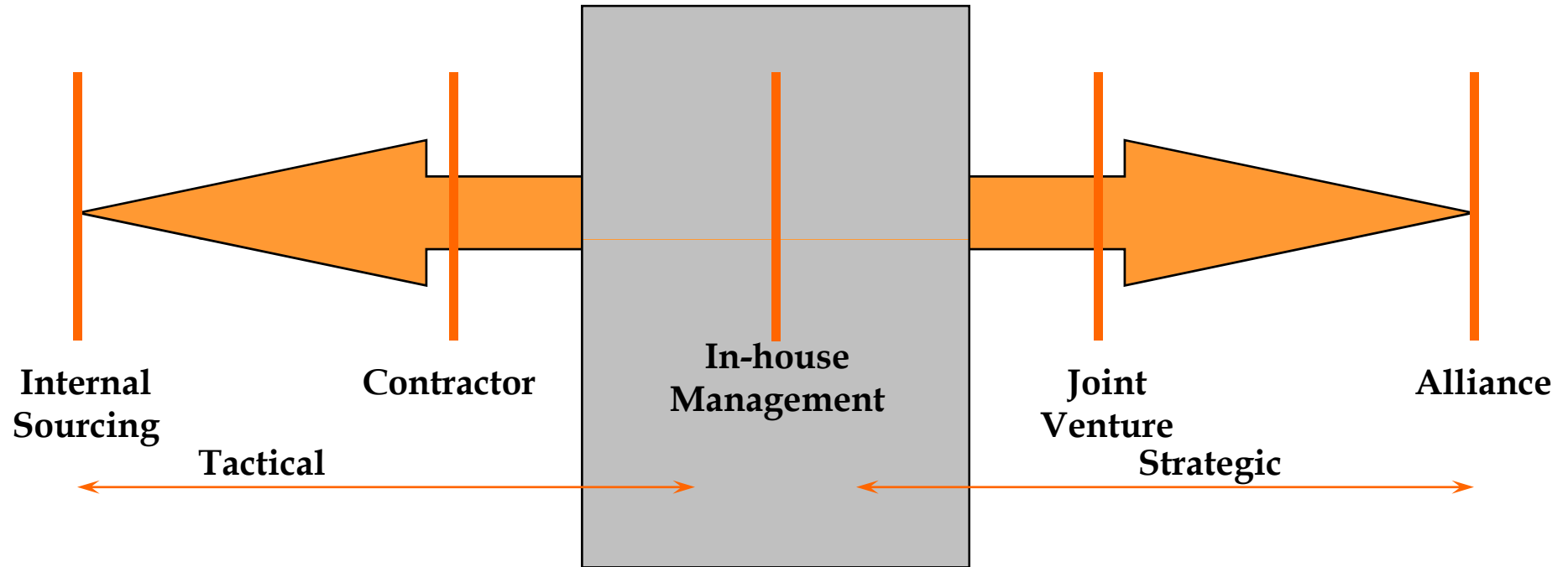
Benefits of in-house?

- ✓ Greater flexibility.
- ✓ Focus on cost efficiency and not profit.
- ✓ Costs and benefits are transparent.
- ✓ No cost of (re)tendering or requirement for ongoing contract management or supervision.
- ✓ Lower potential for conflict of interest.

Pitfalls of in-house?

- ✓ Less ability to leverage scale and management expertise.
- ✓ Need to establish and maintain a fleet systems.
- ✓ Less incentive for business improvement.
- ✓ Less potential to transfer / share risk.
- ✓ Higher risk of poor performance reporting resulting in over servicing or poor service.
- ✓ Higher costs of internal management and supervision.

Conclusion



Regardless of the model, process or structure, in-house management will be at the centre.

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- strategic business advisors • program and project assurance
- procurement management • contract management
- program evaluation • costing and pricing reviews
- organisational development and change management