

Fleet Management



THE strong Rand may have brought the end to price increases on new vehicles but it will also have a negative effect on used car values whose recent strong performance is due to those new car price increases. For fleet owners who have financed their own fleets that could have a marked effect on their balance sheets as these used vehicle assets decline in value, says Nicholas De Canha, CEO of Imperial Fleet Management.

This factor alone, he believes, makes Imperial Fleet management off balance-sheet financing even more attractive when one takes into account that residual values are guaranteed. With this option, Imperial Fleet Management holds the asset on their balance sheet, and all rentals incorporate residual values. Imperial than takes full risk on residual value and therefore risk on termination is eliminated entirely, he says.

He points to the requirements of the International Financial Reporting Standards (IFRS). The new IAS standards may require all companies to put back all leased assets including vehicles on the balance sheet.

"The change in accounting standards will affect all businesses equally. Our focus at Imperial is on customer service and lowering operational

costs through leasing, rather than outright purchase. We can show that clients get a much better return on equity, lower their costs and improve their cash position with leasing options," he says.

Imperial, has the largest retail new and used vehicle network, 250 dealers countrywide, is able to offer companies the best residual value on vehicles leased. Imperial is also the largest contract service and maintenance plan provider in the country and the high RVs together with very competitive maintenance rates enables IFM to provide extremely low full maintenance rentals. The full maintenance rental enables clients to budget accurately as all the maintenance and depreciation is catered for in the single, stable payment which allows the client to concentrate on their core business rather than having to concern themselves with running a fleet.

These residual values, he points out, are established at the outset of any contract with Imperial and – depending on the type of vehicle and usage – are established as a fixed percentage of the cost of a vehicle.

On average, passenger vehicles are leased over four years with a residual value that could be anywhere between 30 percent to 40 percent by contrast, are usually leased over a three year period.

Currency strength reinforces need for professional management

All rentals are clearly tax-deductible.

"Another important factor is that in today's climate it is often difficult for smaller companies to get credit whereas, with leasing, the credit conditions are different as the assets are still owned by IFM, he points out.

Critical, also, with Imperial's leasing option is that maintenance is also included so that if there is a major expense companies that lease fleets from Imperial do not have to concern themselves if there is a major problem with any of the vehicles in the fleet.

"Imperial Fleet Management is a total fleet management solution. We aim to understand clients' fleet needs and then deliver the most cost-effective and efficient fleet management solution," he says. Imperial Fleet Management is a total

fleet management solution. We aim to understand clients' fleet needs and then deliver the most cost-effective and efficient fleet management solution.

This includes the full spectrum of tailor-made fleet management solutions including operational rentals; which have both a funding component together with residual guarantees, and full maintenance rentals; which are operational rentals together with maintenance solutions; maintenance plans and managed maintenance.

An Operating Rental (OR) allows the client to fund a purchase as an off balance-sheet transaction, with Imperial Fleet Management holding the asset on their balance sheet, and all rentals incorporate residual values

Imperial Fleet Management

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The fixed monthly rental in an operating rental includes the finance portion, depreciation (maintenance costs are excluded) and is determined by the choice of vehicle, period of usage and kilometre requirements.

A full maintenance rental includes the maintenance costs and can include a tyre plan if the client requires. The inclusion of a maintenance product allows for more stable cash flows and better residual values.

Imperial also offers a choice of Value Added Product (VAPS) which can be linked to the operating or full maintenance rental.

This ranges from vehicle tracking (Imperial is part owner of both Matrix and WesBank is part owner of Tracker therefore giving IFM excellent pricing on both products) to even administering fines that a driver may incur. WesBank which manages this service on behalf of Imperial Fleet Management has a dedicated and experienced team that specialises in traffic fine administration.

He points out that an Operating Rental allows the use of a vehicle of one's choice, without the risk of ownership, which enhances cash flow benefits.

Operating Rentals, he says,

reduce administration as depreciation and interest and all VAPS products are administered for the client who receives just one consolidated invoice..

Another major advantage is that Operating Rentals are tax deductible as well as offering input VAT benefits as funding is not capitalised upfront.

Customers also need not worry about licensing or registration of vehicles – a small additional "add-on" service that Imperial offers clients.

With its Traffic fines administration add-on option, De Canha points out, its takes a huge responsibility off the customer.

"The fine management procedure is quite onerous in terms of the new NATIS and AARTO legislation – if not managed correctly – could result in penalties and even arrests. The company, the responsible entity, and the driver needs to be protected at all times, he points out.

The AARTO legislation, when introduced, will – via a merit system – expose the individuals who are not abiding to the law. This creates the risks for individuals and companies where, for example, the driver or vehicle exceeds points as well as a host of other problems.

All the more need, De Canha says, for companies to employ professional fleet management experts such as Imperial.

Special Projects

Author: Terry Meyer
Advertising: Lee Roelofse

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Systems designed to help fleet managers

THE control and management of a company's fleet is becoming more costly and time consuming every year and Standard Bank – through its Fleet Management division – believes that it has developed a comprehensive range of fleet products and services that will save time and money.

These systems, the bank says, are designed to assist businesses formulate and implement the fleet policy best suited to their particular situation.

The bank claims that using their services can relieve a business of the myriad of problems associated with the management of a fleet as well as help contain fleet costs. It believes that its innovative fleet products and services will leave a business free to concentrate on more important issues, like managing its own core business.

Using the Fleet Management service, it says, allows one to be assured that you will receive service to back the bank's products because its branches can deliver a company's fleet service from under one roof, simplifying life even further.

Standard Bank Fleet Management believes that it takes one step further into tomorrow with its user-friendly fleet management system offering a multitude of features to set one firmly on the path to countering rising fleet costs.

"This powerful management tool will assist you in making the correct fleet management decisions, thus keeping tight control over your fleet costs in today's competitive business environment," says the bank.

"Our flexible system has been structured to meet your own individual fleet requirements, including allowance schemes, and is backed by a team of highly trained specialists dedicated to servicing your needs and ensuring you

stay ahead."

"While card convenience and easier financial reconciliation undoubtedly reduce administration costs, there is still so much more you can do to beat on-going inflation. The Standard Bank Fleet Management System has been developed to enable you to manage your fleet more effectively than before.

"Don't just be a "card convenience" user – become a true "fleet management" user; Standard Bank Fleet services urges.

"Just by instituting a few simple controls you can achieve even greater savings than before – so why not use this system to its fullest?"

The Fleet services division can help one plan and implement the simple controls a company needs to control rising costs.

With its systems in place one can manage by exception; save valuable management time; streamline administration and fleet account reconciliation can be done for you. They also offer central billing; one account for all fleet costs; daily or monthly electronic downloading of vehicle data; ways to update General Ledger and/or Salary Records electronically as well as electronic reporting.

In addition, StanFleet – which is a software programme loaded onto your PC – enables one to view and export your own fleet's information on a daily/monthly basis.

The Fleet Information Management System (FIMS), which is a web-based system, is designed to give client's up-to-date information about the activity and costs of their fleet and can be accessed at any time from any location via the internet.

Standard's Direct On-Line System Access allows one to add vehicles to the system; change vehicle, driver and cost centre details as well as other facilities.

WHEN it comes to cutting edge fleet management solutions, Daimler Fleet Management provides a full array of fleet management products and services that are guided by a common philosophy – the management of risk and cost through an open and transparent relationship with their clients.

As the customer, clients benefit from being able to budget the fixed costs of their fleet by removing the unseen costs such as financial fluctuations, fleet administration, breakdowns, lost productivity

Lower costs flow from Daimler Fleet care

and vehicle depreciation. And as a professional fleet management company, Daimler Fleet Management's (DFM) experience in these areas, the company says, will ultimately benefit clients through controlled and lower fleet running costs.

When it comes to commercial vehicle fleet management, Daimler Fleet Management also has tailor-made fleet management solutions for truck opera-

tors so that they too can get the best out of their fleet.

In fact, DFM provides a full array of fleet management products and services that are guided by a common philosophy – the management of risk and cost through an open and transparent relationship with their clients. Since 1998, Daimler Fleet Management has provided cutting edge fleet management solutions to a wide ar-

ray of customers and has since diversified its offering to manage sizeable fleets.

An important extra benefit is that they offer driver training. As part of the Mercedes-Benz South Africa Group of Companies, Daimler Fleet Management (DFM) is a South African fleet management company that believes in empowering and developing people.

Daimler Fleet Management

provides a full array of fleet management products and services that are guided by a common philosophy – the management of risk and cost through an open and transparent relationship with their clients.

With its Fleet Management programme, DFM points out that its experienced and dedicated teams will manage and administer a client's fleet. One simply has to choose from its list of

services and design a fleet management package that caters for one's needs and budget.

Daimler Fleet Management will supply the ideal luxury fleet from their wide range of Mercedes-Benz products on Full Maintenance Lease (FML). The company will also arrange and provide the vehicle maintenance as well as vehicle tracking.

Added benefits of the package include Abuse Management, Utilisation Management, Roadside Assistance and Service Scheduling.