



Managing your fleet in tough times

There's no escaping it. Things have gotten tough out there – credit is scarce, consumers are spooked and businesses are preparing for the worst.

Yet experience shows that successful managers do not abandon their core strategies in tough times; they adapt.

FleetPartners Managing Director Dennis Kelly predicts 2009 will see business and government fleet managers working smarter, being more strategic and looking for new partnerships that help them get the most out of their fleet.

"We are aware that tighter economic conditions will see companies increasingly focus on their core activities and look to free up their balance sheet," Mr Kelly said.

Three lighthouse issues to dominate in 2009

According to Mr Kelly, three issues will dominate the fleet industry in 2009: the global recession, risk management and reducing carbon emissions.

"It is virtually impossible to consider strategic fleet management without simultaneously taking into account these "lighthouse" issues facing fleet managers.

"These are challenging times for fleet operators and not just because of the economy – declining residual values,

environmental concerns and business volatility mean managers need to address risk very carefully. This is no time to go it alone. Our advice to clients is to make sure to choose a fleet leasing expert that is strong, stable, has secure access to funds and is here for the long haul," he said.

FleetPartners "open for business"

As the global credit crisis has deepened, fleet buyers, motor vehicle retailers, importers and others in the industry have been hit hard. By contrast, FleetPartners is fully funded and open for business.

"Thanks to careful planning early last year, FleetPartners locked in long-term funding before the credit crisis. As a result, we are in a very strong position to service current customers and assist new fleet buyers," Mr Kelly said.

Mr Kelly urged fleet buyers and managers to seek informed advice on how to source the best fleet solution. Fleet buyers should also take particular care when choosing a lease partner, he said.

"We are immersed in this environment, we have secure lines of funding and having been in business for over 30 years, we have the strategic experience and knowledge to help our customers through the credit crunch," Mr Kelly said.

Economic risks grow

Clearly tight credit conditions will remain a key risk to fleets in 2009. Other risks, however, include rising unemployment, declining Government revenues, corporate cost cutting and continued softness in the second hand vehicle market.

"The risks to fleet managers have been compounded by the global financial crisis. In fact it would be fair to say that we are entering a period of sustained uncertainty in which risk mitigation will play a bigger role in every fleet manager's planning and operational activities," Mr Kelly said.

Economic modeling by FleetPartners predicts ongoing weakness in residual values over calendar 2009, particularly for larger, less fuel efficient six and eight cylinder vehicles.

Pressure to cut carbon emissions

Amid all the talk about the global recession and economic slowdown, one issue that hasn't disappeared is the need for fleets to become more environmentally sustainable.

Mr Kelly said fleet managers had a vital role to play in helping New Zealand business and government meet mandated carbon emission reduction targets.

"FleetPartners has shown that it is possible to make a significant reduction in your CO2 emissions by focusing on how you manage your fleet," Mr Kelly said. As a member of the Sustainable Business Network, GreenFleet, FleetPartners has produced a *Green Guide, best practise guide to driving a greener path*.

Objectives of the FleetPartners Green Guide

- Clarify how CO2 is measured and who pays the bill
- Provide additional thought processes around building a company vehicle policy
- Outline how fleet carbon emissions, fuel usage etc are measured
- Provide green vehicle comparisons based on advantages and disadvantages
- Provide useful links that can be referred to if requiring more information.

For a copy of the Green Guide please go to our website www.fleetpartnersnz.co.nz and click on 'About Us – Sustainability'.

Recession proofing your fleet

The world economy changed rapidly in 2008 as the effects of the global financial crisis reverberated through households, businesses and governments. After years of growth, New Zealand plunged into recession.

For fleet managers more used to boom times, the new economic reality is uncharted territory. Management strategies suited to a growing economy are increasingly at odds with today's more conservative, risk averse climate.

With no sign of the crisis easing in the short term, many in New Zealand's fleet industry are shifting their focus to defensive strategies designed to preserve capital and make their fleets more efficient.

"Smart managers are recession proofing their fleets with an eye to future competitiveness and growth," explains FleetPartners Managing Director, Dennis Kelly.

According to Mr Kelly, it is possible to cut fleet leasing costs by up to 40% with the right mix of finance products, vehicle choice and strategic fleet partnership.

Help to switch fleet companies

"At FleetPartners we are working closely with current and prospective customers to future-proof their fleets through a combination of strategic advice, longer lease terms and new products.

"We will conduct an end-to-end review of their fleet in relation to the current business needs and look to see where we can assist with providing alternative solutions.

One of the simplest strategies fleet managers can put in place to recession

proof their business is to extend (where possible) vehicle lease terms.

"As a first step, FleetPartners will look at where businesses can extend their existing fleet leases. For example, extending a lease from three to four years immediately results in a lower monthly rental. The more vehicles you have in your fleet, the larger the potential savings," Mr Kelly said.

Big savings with Econolease

Choosing an ex-lease vehicle rather than a new vehicle is another way of reducing fleet costs without impacting on the quality and type of vehicle.

"With Econolease it's possible to cut your monthly lease costs by up to 30-40% compared to an equivalent new vehicle," Mr Kelly said.

Econolease is ideal for companies that need to maintain a vehicle fleet, those looking for more flexible lease arrangements and those with short-term leasing requirements.

"For this program we only choose vehicles with low kilometres which have been fully

maintained by FleetPartners. Customers can be confident they are getting a high quality vehicle," Mr Kelly said.

FleetPartners currently has around 200 ex-lease vehicles available for Econolease nationally.

Free fleet review

With credit becoming harder to source, FleetPartners' secure lines of finance and proven performance are attracting more and more new customers.

To help make the switch easier, FleetPartners will conduct a thorough fleet review, including vehicle usage and whether there is an opportunity to renegotiate contracts and reduce operating costs.

"We believe it is important that every customer – existing and prospective – is provided with the information they need to ensure their fleet is operating as efficiently as possible, it is meeting their OH&S needs, and is fit for purpose. Take this first step and you are on the way to recession proofing your fleet," Mr Kelly said.



**FEBRUARY/MARCH
SPECIAL OFFER
FREE CONSULTATION**

Recession proof your fleet

Call FleetPartners before 30 March 2009 to arrange a free, no-obligation consultation on how to recession proof your fleet. Available to existing customers and anyone interested in fleet management. Call FleetPartners today on 0800 372 632.

Vehicle sales weaken

After a strong start, new vehicle sales in New Zealand ended 2008 on a softer note as the economic slowdown hit confidence.

According to official figures, total new passenger car sales declined 5.2% in 2008 to 73,395. New commercial vehicle sales were also weaker, down 4.3% to 23,933.

The year started well with 7,543 new car sales in January 2008, followed by six months of steady growth. However conditions weakened in the second half of the year, with each month recording lower sales than the equivalent month in 2007.

In a sign of what may lie ahead in 2009, December new vehicle sales were down 6.1% on the year before at just 5,224.

Sales of trucks and heavy commercial vehicles also slowed in the second half of 2008: in December just 94 metro trucks were sold compared to 286 in June and 148 in July.

Perry Kerr, of the NZ Motor Industry Association, said the outlook was not all doom and gloom.

"It's a reality that New Zealand's new vehicle market is being affected by global economic conditions," he told Scoop Business magazine in January. "However, the figures are not as dismal as they are in certain other parts of the world. Our new vehicle sector, supported by customers who recognise that exchange rates are starting to have an adverse effect on vehicle prices, is proving very resilient to challenging market conditions."

FleetPartners Managing Director, Dennis

Kelly, said that while conditions in the industry were tightening, FleetPartners was continuing to grow.

"New car registration volumes have been declining since July 2008, down almost 13.5% over this period. Company registration volumes have also been declining, however, FleetPartners volume has been increasing. This indicates a propensity to lease and the competitiveness of FleetPartners in the New Zealand market," Mr Kelly said.

He warned that the plunging NZ dollar was another challenge in 2009.

"The favourable exchange rate has helped to drive growth in new vehicle sales over recent years. The weaker NZ dollar means manufacturers have started to raise prices and this could mean even slower growth in 2009," Mr Kelly said.



A message from
Dennis Kelly

Managing Director
FleetPartners New Zealand



They say that when times get tough, the tough get going. That sentiment certainly applies to how FleetPartners is responding to today's challenging business climate.

Despite the global recession, FleetPartners is strongly positioned thanks to our prudent management and success locking in lines of credit before the crisis hit. As a consequence we are open for business and ready to help customers make the most of the opportunities that emerge in 2009.

Continuity of service and supply will be particularly important this year. More than ever, fleet managers need a fleet leasing company and fleet service provider they can rely on – one that offers strategic advice aimed at reducing cost and enhancing efficiency.

At FleetPartners our focus is on assisting customers wherever we can, whether by extending their current leases or through innovative products like Econolease that give fleet managers access to pre-lease vehicles at significant savings (see article in this edition).

Looking ahead, we continue to focus on improving our services and enhancing our products to ensure we're delivering the best possible solutions for customers.

The team will shortly unveil a new and improved fuel card management and reporting system. The changes mean a higher degree of accuracy in reports on fuel card usage which in turn will enable customers to pin-point potential savings on fuel costs.

A similar program is underway with our accident management service, aimed at giving customers greater control over costs and making the whole system more efficient.

Hand-in-hand with streamlining our internal systems is our ongoing focus on staff training. By enhancing our staff skills and knowledge we can deliver more focussed and strategic advice to customers – advice that can make a big difference to fleet operational efficiency and overall business profitability.

I encourage customers (and prospective customers) to take advantage of our expertise and services to make their fleets more efficient.

Until next time, safe motoring.

Streamlining fleet purchasing with FleetPartners Dealer Direct

Arranging fleet finance could be just a click away thanks to FleetPartners' innovative new dealer-based service, Dealer Direct.

Available nationally, Dealer Direct provides a direct link between dealerships and FleetPartners, giving customers instant access to the latest rates, finance products and quotes.

The system has been so successful that around three quarters (or 160-plus) of franchise dealers around New Zealand now offer the FleetPartners Dealer Direct service from their dealerships.

FleetPartners head of marketing, Barry Nicholson, said dealers could now offer small and medium enterprises (SMEs) a true one-stop-shop for fleet vehicles and finance.

"While the service is designed for dealers, the real winners are SME fleet owners and operators who can now purchase a vehicle and arrange a finance quote at the same time," Mr Nicholson said.

Dealers can use FleetPartners Dealer Direct to:

- Obtain quotes
- Check rates
- Compare different lease products.

"Dealer Direct offers fleet buyers a more streamlined method of obtaining finance quotes. They simply visit their local dealership and the dealer can obtain all the information they need in a few minutes by accessing the Dealer Direct network. It's that easy," Mr Nicholson said.

The system includes FleetPartners' popular operating lease as well as more traditional lease products and hire purchase.

"The major dealerships are important introducers for our business so it makes sense to offer their customers a fast, efficient method of obtaining vehicle finance," Mr Nicholson said.

Dealer Direct one of several new online services being introduced by FleetPartners. More releases are planned for mid this year.

Second time around with Econolease



Kiwis are well acquainted with the principle of recycling. FleetPartners applies the same thinking to fleet management, with a fleet leasing product that lets customers save on their fleet costs by using ex-lease as opposed to new vehicles.

Ideal for companies wishing to reduce costs or those seeking greater flexibility, FleetPartners' Econolease lets you utilise ex-lease vehicles in your fleet. Because the vehicles are effectively second-hand, overall lease costs are lower.

Incorporating all the benefits of a FleetPartners operating lease, Econolease offers potential savings in lease rental and Fringe Benefit Tax value. And with lease terms ranging from 6 to 45 months, it's an ideal way to test leasing before committing to a long-term contract. Econolease covers utilities, vans, station wagons, trucks and trailers.

The benefits of Econolease include:

- Lower instalments than an equivalent new vehicle
- FBT payable lower than an equivalent new vehicle due to a lower market value at the commencement of the lease (passenger and light commercial vehicles only)
- No maintenance risk for second-hand assets.

Interested? Speak to your Relationship Manager or call us today on 0800 372 632.

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face2face

Vivienne Jensen-Jones
Receptionist



The best thing about FleetPartners New Zealand is... the people, who are warm and friendly and have a great sense of fun, which creates a good working environment. Also if you have a love of cars (and I do), it is a fantastic place to work.

When I was a child I wanted to...

be a vet. My rabbit Snowy got a lot of T.L.C., but then he had a dust up with the dog next door and I decided I was not keen on the sight of blood. Fortunately he survived.

When I grow up I want to... be a rock guitarist, someone like Eric Clapton who is blues as well. I am not really into heavy metal like Iron Maiden, Metallica etc; it is a little hard to whistle to.

It's not fashionable but I love... opera, ballet and classical music. I was raised with all three as my mother was a professional cellist and music was central to our lives. I have early memories of her dashing off with her cello to make live radio broadcasts.

If I were a car I'd be... a Jaguar XJR. They are beautifully engineered, superb quality, fantastically fast and look stunning. A great set of wheels!

I wish I had never... if I really thought about it this space would not be big enough! Seriously, I don't have too many regrets.

My favourite motoring gadget is...

a very decent stereo system to crank up the beats. Also a sports button can be really useful if you want to do a launch at the traffic lights. But I really hate park assist, it's very annoying.

My ideal weekend is... spent away with my family in a really nice location, which I experienced recently on Waiheke Island. It was my first time to the Island and I just loved it. The weather was perfect, the beaches just beautiful, the views stunning. I even had a view from the kitchen!



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