

The great consultant debate

How to choose between a fleet consultant and a leasing service

Save money, lower risk, access credit, analyse Europe- or worldwide data, work direct with your supplier, form the closest relationship and deepest understanding. Lease companies and consultants both claim to offer all these benefits. So choosing how to manage your fleet is a big decision. Fleet Europe spoke to two of Europe's biggest leasing companies and two large consultants and asked each why it thought it was the best option.



Martyn MOORE

If you look at the websites of leasing companies and fleet consultants, they are similar. There are photographs with blue sky, green fields and a man sitting on the beach with a laptop. And they seem to be offering the same things: the right solution, a good deal and an easier life

for the fleet owner. Maybe that's a fleet owner on the beach checking his emails. Do you think he uses a fleet consultant to manage his cars, or the management services of his lease company? To help fleet owners decide which choice to make, Fleet Europe spoke first to Professor Colin Tourick, a management consultant specialising in vehicle management and author.

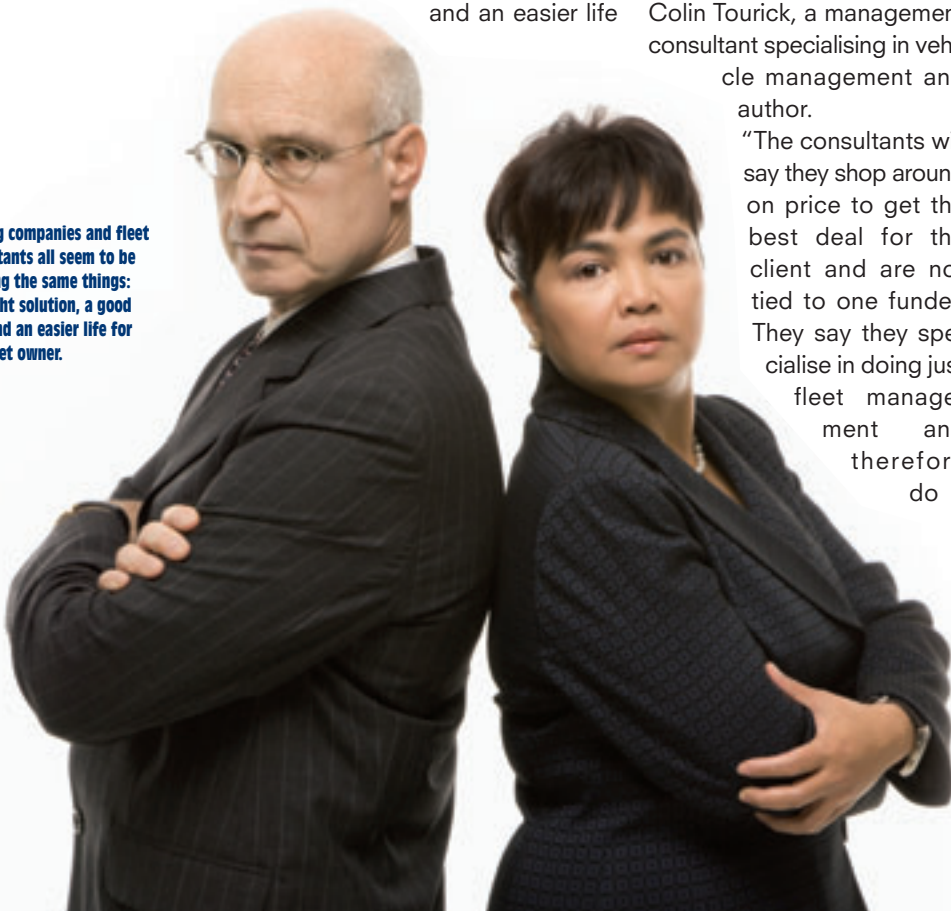
"The consultants will say they shop around on price to get the best deal for the client and are not tied to one funder. They say they specialise in doing just fleet management and therefore do it

better than contract hire companies," says Colin. "Leasing companies will point out that they provide fleet management services as part of the bundled cost of contract hire; they don't even charge any more for it and they have to do it well or they'd lose out to their competitors – from either camp."

Fleet Logistics International, a fleet consultancy, believes that no single leasing company can offer pan-European fleet operators the benefits that an independent specialist can offer for a variety of reasons. These include the cost of capital, uncertainty over residual values and rental pricing volatility from leasing companies. That's according to Peter Soliman, managing director.

The new car market declined by 15% throughout Europe in the first four months of this year, residual values have plummeted and the cost of capital to leasing companies has increased because of the credit squeeze. As a result of this turmoil, Fleet Logistics claims it has seen price variations of as much as EUR 300 on a EUR 700 per month Audi A6. This, says Peter, is very confusing for fleet customers.

Leasing companies and fleet consultants all seem to be offering the same things: the right solution, a good deal and an easier life for the fleet owner.



“By having multiple sources for vehicles, rather than a single source of supply, fleet operators are not dependent upon one leasing company and not at risk from excessive price rises and fluctuations,” he says. “This risk diversification is the cornerstone of Fleet Logistics’ multi-bidding proposition, which uses a panel of lessors rather than solus supplier. It has been shown to generate ‘total cost of ownership’ (TCO) savings of as much as 10% for fleet clients.” Leasing company LeasePlan International (LPI) admits that there are situations where a consultant is useful, suggesting a tender process or analysis project, but bases its argument for supplying fleet management on its ability to engage with drivers and manage client expectations.

“Fleet is not a commodity; it is a key category as fleet costs and driver mobility have a significant impact on business effectiveness,” says Matt Dyer, LPI’s managing director. “A direct relationship between the leasing company and the customer without an intermediary standing between them removes ambiguity and ensures direct control of services, visible commitment to service delivery and direct access to the expertise of the company actually providing the service, as experienced by the driver.”

“Customers should review their supplier every three to four years!”

Supplier and customer responsibilities are clearer, according to LeasePlan International and there is no confusion over contacts or duplication of administrative tasks or fees. Total cost of ownership is based on actual running costs rather than monthly rentals.



The choice between an operational lease provider and a consultant is highly dependent on the sourcing and fleet strategies of the customer. Or on whether one will let them work on the beach?

EuroFleeting is the new kid on the consultancy block. Formed this year through the coming together of companies in Italy (TKT), France (ERCG) and Belgium (2driveU), its general manager is Peter Hennion.

“EuroFleeting offers an alternative to the top down, pure data consolidation of other consultancies,” says Peter. “We combine the best of one Europe-wide agreement with local suppliers in each country. “There are 17 countries in the EU, so fleet management has to meet 17 different requirements. In my experience, no leasing company is best over

story to illustrate his idea: “Imagine the owner of your favourite restaurant came to you and offered you a ten per cent discount on every meal, as long as you promised not to eat anywhere else for the next ten years. Would you agree? Of course not. The chef might change, your diet might change. You would not make that promise. Why would you do this with cars?”

Arval puts the case for operational leases, where the fleet management service is integral to the lease company’s offering. Grégoire Chové is the group sales director: “The growth of the operational leasing market share in Europe shows this to be the most suitable way to manage this complex category of spend. The big operational lease providers offer full outsourcing, transparency on TCO and help decision-makers adopt a comprehensive approach – from fleet strategy down to operational driver mobility management.”

Like his colleague from LeasePlan, Grégoire accepts

there is a role for consultants. “The choice between an operational lease provider and a consultant is highly dependent on the sourcing and fleet strategies of the customer,” he says. “The market always benefits when the range of solutions available is wide and delivered by professional and knowledgeable players.”

Both the consultants and the lease companies make sense. Let’s give Professor Tourick the final word.

“Some leasing companies provide highly-tailored services for their customers and I am sure the job they do is at least as good as a consultant would do,” says Prof Tourick. “Fleet management is particularly good for large, self-funded fleets. Though it’s by no means certain in my mind whether, after a tender process, they’d eventually choose a consultant or a leasing company to carry it out.”

Maybe the question to ask during the tender is, which one will let me work on the beach?