



Acquisition

CASE STUDY

Downsizing vehicles reduces costs

A regionally-based paint store chain sought to reduce costs and improve efficiencies in its fleet operations. They wanted to become more streamlined in this area and turned managing of their fleet over to the experts at Element and its Fleet Manager Program. This customer was using 1/2 ton and 3/4 ton cargo and passenger vans for both their sales and delivery vehicles. One of the first tasks they assigned to Element was determining the best vehicle for their sales fleet.

Our Solution

To determine the best vehicle for their sales fleet, Element reached out to the customer’s drivers, management and other company stakeholders, to see what they liked, disliked and needed in a vehicle to be as productive as possible. After further cost and use analysis, it was agreed sales vehicles would be downsized from large passenger vans to more efficient sedans. The vehicle selected would need to be cost efficient, but also offer safety options and emission savings to meet the values of the company. The decision was made to move to a hybrid sedan.

Once the vehicle was selected, the next step was cycling out the existing passenger vans to receive the highest returns. Most of the vans were less than three years old, meaning there would be a remaining book value associated with them. After further analysis, a decision was made to execute a short-cycle plan to take advantage of high proceed sales as a result of replacing vans with the smaller sedans.

Impact

Analysis was conducted on what the operating savings would be on an annual basis by switching from a passenger van to a hybrid vehicle. Element calculated the cost of fuel and maintenance using the cents per mile in each category over the annual miles traveled by a sales representative for both the new hybrid and the passenger van. The results were more than \$286,000 in annual combined operating cost savings. This, along with the sales proceeds, projected a savings of \$1.2M over a four year period.



Saved \$1.2M
over four years,
Improved operating costs,
Enhanced resale values

FLEET PROFILE

Industry
Paint Manufacturing
& Distribution

Type
Sales/delivery fleet

Total fleet size
396

Services utilized

- Accident
- Fleet Partnership Solutions / Fleet Manager Program
- Fuel
- Maintenance
- Personal Usage & Expense Tracking
- Title, Licensing & Registration