



Zenith's LCV Management

Case Study

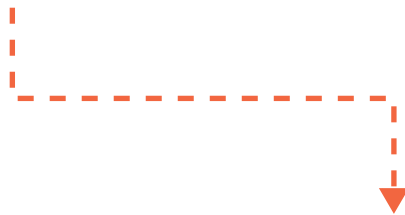
Fleet Background:

Zenith provides full LCV management for a wide range of fleets. The process starts with a review of the current fleet, through to pricing, supply, build, management and disposals.

What we do

Zenith has a dedicated and specialist in-house LCV management team that provides tailored management of commercial vehicles. As LCVs form a business critical part of a fleet, it is crucial that we have in place robust process to manage the whole process, from acquisition, funding, supply and build, in life vehicle management, end of contract disposals and renewals.

1 *review current fleet*



Zenith carries out a full and detailed review of our customers' fleets. Our LCV specialists work with potential new customers from the start of the tender process to understand their business and its key requirements.

This involves reviewing:

- **Vehicle types, specification and usage**

There is a wide range of LCVs available in the market place. We review and provide advice as to what will work best for a particular business, from manufacturer analysis through to supplier and in-life analysis. Bespoke fit out, conversions and equipment is considered to ensure the delivered vehicle is the correct specification for the end user.

- **Environmental**

Following analysis completed of the current fleet operation, the Zenith LCV specialists look to see if there are any environmental initiatives available which will also have a financial benefit, along with reducing carbon footprints.

Our reporting includes emissions data and analysis which complies with the new GHG reporting regulations. These require listed companies to report on emissions produced including from company vehicles.



Our full and comprehensive pricing analysis helps to set the most competitive funding position for LCVs.

- **Residual value setting process**

We ensure that competitive residual value positions are set, taking into account market conditions, vehicle specification, quantity, colour and any ancillary equipment that are incorporated into the build. By evaluating all of these variables a true residual value position can be set.

- **Support terms**

By utilising our manufacturer relationships and buying power, Zenith negotiates improved manufacturer terms on behalf of our customers.

- **Supplier management**

We will use our preferred supplier hub to compare against existing supplier relationships, ensuring that products are fit for purpose, excellent quality and price competitive.

3 *implementation*



A dedicated Zenith Implementation Manager and Account Manager is assigned to implement a new LCV fleet. This includes:

- **Detailed project scoping plans and documents**

These will be agreed with you and signed off to cover key milestones at every stage of the implementation process. Process flows detailing all key stakeholders are produced, showing key responsibilities to ensure a smooth transition for your business.

- **Orders and build plans**

Orders are processed by our in-house purchasing team to strict SLA's, preventing wasted order days. For large quantity batch deals build plans will be provided detailing key dates in order to meet delivery schedules.

4 *supply and build management*



Zenith will work with our preferred LCV dealer network to closely manage every stage of the acquisition and build of the LCVs.

- **Direct supply manufacturer deals**

Where required, Zenith process direct supply deals in line with the supplying manufacturer to ensure speedy delivery of orders.

- **Vehicle commissioning**

Zenith ensures that additional equipment added to its LCVs comply with European Type Approval guidelines and carried out via its preferred supplier network. If it is a low level specification, such as adding vehicle graphics through to a full conversion mobile engineer van the process remains the same. We have a panel of approved suppliers to cover all fit out requirements.

- **Online build program**

Zenith provides advanced online vehicle build tracking. The build process is broken down into stages and as the vehicle moves through the process, the status is updated on the platform in real-time. Any delays to the build schedule are instantly visible and cumulative effects can be mitigated.



- **Vehicle sign off**

We believe final vehicle sign off checks are fundamental to ensuring the specification is 100% correct. Therefore at every stage of the process we check vehicle specification, ancillary equipment and even complete prototype vehicles when required.



5 *in-life management*



Our expert in-house teams of engineers monitors every process throughout the life of the vehicle

- **Service, Maintenance and Repair**

Our in-house team pro-actively manages the service booking process to ensure downtime is planned in advance and kept to a minimum. Where possible we look to use our mobile engineer network to make the driver experience as effortless as possible. If a replacement vehicle can be offered while a service is being completed, where possible we try to match a like for like replacement.

- **Cost Control Analysis**

This will be carried out across the whole fleet to ensure we are able to monitor and control every element of cost spend on the vehicle. We adopt a zero auto authorisation policy meaning every request for work is looked at by our in-house mechanics to ensure prices are accurate against the work completed.

- **Downtime Management**

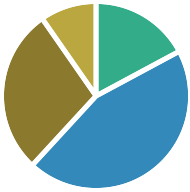
Keeping your LCVs on the road is critical for business profitability and continuity. We have robust processes and interactive systems to manage and reduce downtime. We monitor every vehicle downtime ensuring that any areas of delay in repair are highlighted and the necessary action is taken to get the vehicle back on the road as quickly as possible. We provide full visibility on vehicle downtime as part of our monthly reviews, in order to hot spot any common issues and to prevent further off road time.

- **Ancillary Equipment Compliance**

Zenith has the ability to manage not only your vehicle service, repair and maintenance requirements but also any ancillary equipment specified on the vehicle. Through our IT system we log any ancillary equipment, supplier and serial numbers enabling us to track the equipment should it be used on another vehicle in the future. The ancillary extras have a separate SMR schedule attached to the vehicle and the Zenith in house team ensure the equipment is proactively maintained to compliance and all documentation recorded.

- **Short term hire solutions**

Daily Rental or Short Term hire can be provided in the event of unavoidable off road time, specific customer contract requirements or pre-contract vehicles. The team aim to match a like for like vehicle to ensure the vehicle provided is fit for purpose even in a short term scenario.



• **In-life vehicle management - example results**

Below are some statistics achieved as a result of our LCV expertise. These represent data for one of our customers who has a fleet of over 3,000 LCVs. The fleet was fully outsourced to Zenith in 2010.

Area	The Results
Maintenance	<p>Average SMR invoice has been static over the last 3 years despite inflationary pressures. This has been achieved through our close cost control.</p> <p>Average savings per original SMR invoice following interrogation by our in-house experts is 28%.</p>
Downtime Management	<p>Average downtime for maintenance is 1.8 days.</p>
Accident Management	<p>A 5% reduction in the proportion of claims exceeding insurance excess.</p> <p>A 30% reduction in the time taken between the incident report and the repair estimate - engineers, inspections of vehicles and investigation of damage is now arranged directly with suppliers rather than through a third party which has cut the time taken to receive an estimate.</p> <p>Average repair costs for claims exceeding insurance excess have reduced from £1,951.19 to £1,880.46 through the robust online validation and authorisation of repairs.</p> <p>Total repair costs for claims exceeding insurance excess have reduced by 43% - this has been from a reduction in the number of instances and a reduced average repair costs.</p>
Vehicle Hire	<p>Reduction in rental spend of 6% in the last 12 months through improved reporting and transparency on spend, a stricter authorisation policy on types of vehicles and hire days.</p>
Call volume	<p>Over 7,000 calls answered by Zenith in a year through outsourcing fleet management - vastly reducing internal company workload.</p>



6 end of contract, disposal and renewal



The end of contract and renewal process must be controlled to prevent downtime and to maximise vehicle sales proceeds.

- **De-commission**

Zenith expects its LCVs to be returned to BVRLA LCV Fair, Wear and Tear guidelines but in a number of cases customers are now having unique equipment installed on their vans that needs to be treated differently to the vehicle. For example a customer may wish to 'double-life' their internal racking therefore the van would have to go through a de-commissioning process prior to the end of contract date of the vehicle. From the initial customer implementation the return conditions of the vehicles would be highlighted to the customer to ensure clarity and ensure no hidden costs were passed onto the customer at the end of the process. Many customers now see the benefits of de-commissioning their vehicles prior to the end of contract date to maximise sales proceeds especially if they are on a profit share agreement.

- **Disposals**

Vehicles are sold by either Auction or Direct Sales. Prior to disposal the vehicle will be assessed for damage in accordance with BVRLA Fair, Wear and Tear guidelines and all information documented by our in house team. Our ability to utilise the most profitable sale channel enables us to provide competitive residual values from the outset.

- **Replacement schedule**

Throughout the life of the vehicle the Zenith account management team will be constantly monitoring the vehicles age and mileage against the original contract in order to best advise the customer on the required replacement date. For example, if one of our customers vans indicated high mileage then it might be better to replace this vehicle early or amend the contract. Replacement schedules can also be used for large batch orders when a key for key replacement program is required over a number of weeks. The Zenith LCV team have knowledge of handling the smooth transition from old to new vehicle.

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