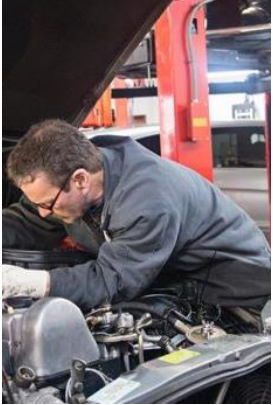


DEXTER



Fleet and Fleet Related Procurement and Cost Optimisation

After acquiring the RAC, the new PE owner engaged OC&C who amongst others were responsible for the procurement review. After a significant amount of money was spent, and months later, spend was finally analysed and several opportunities were identified. Progress on delivery was lacking because there was a lack of knowledgeable people available. Our staff were engaged to deliver opportunities in the direct procurement area (fleet). The engagement focused on the delivery of several identified opportunities as well as further analysis to add and deliver further savings and improvements.



Patrol Vehicle Fitout

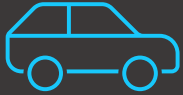
Saving up to 20%

The Challenge: Vehicle designs vary significantly, and commercial vehicle fitouts are typically bespoke to the customers' requirements; this approach often results in standard (and thus more economical) equipment being overlooked. Designs evolve over long periods of time with continual adjustments and individual modifications taking place. This ongoing 'tweaking' often leads to design issues further down the line with newer materials or innovations not being considered or adopted. A complete redesign is often seen as too difficult or time consuming to undertake; that said, this process can be made simpler through industry engagement and the use of RFI's (request for Information) from suppliers to see what is available and to help simplify this process, modernise and drive out more value.

The approach: Working with the patrols team, the true requirements were established, and enhancements suggested to the existing vehicle fitout design specification and layout. Using the requirements, a tender process was started, and the team engaged with a variety of suppliers to create a competitive environment to drive costs down. The team were encouraged to consider the participants feedback and recommendations against the specification and, through that exercise, the opportunity for saving and simplification was further increased. The process allowed potential suppliers to innovate and to propose alternative products and solutions to meet the requirements.

The results: A single supplier was selected and collaborated to further enhance the specification. Initial indications before the tender suggested a reduction of fitout costs of around £300 per vehicle. The competitive process nearly doubled this to £500 per vehicle whilst providing the same, or better, equipment and fit out.

In exercises of this nature, we typically see savings of up to 20% against the current cost, depending on experience of the current fleet management team, market environment etc. Dexter's consultants are experts at creating competitive environments to maximise innovation, efficiency, and cost benefits for our clients



Managing Fleet

Saving up to
60%

The Challenge: Fleet and Fleet management often reside within departments with little vehicle knowledge such as finance and HR. Our experience is that significant savings and improvements can be achieved if proper fleet management knowledge is applied. Where it is possible to make improvements, in-house personal preferences and existing supplier relationships can limit the ability to change. Vehicle specification or allocation policies and cars being viewed as status items can limit the opportunity for creating efficiencies. Using external experts, such as those at Dexter, results in a more analytical view, and improved benefits.

The Approach: We were engaged to help reduce the cost of our client's fleet, a complex model of cars, vans, lorries and trailers. The vehicles had customised equipment needs which meant, in some cases, a high level of specification and modification was required.

By analysing lease payments, tyres, glass, fuel efficiency, servicing and reliability, TCO costs were calculated. Future specifications were agreed with the fleet team to ensure the new vehicles continued to be suitable. Requirements were challenged and the use of less expensive standard fit items were encouraged where appropriate, to replace more expensive custom equipment.

A competitive tender was run and an all-inclusive lease model agreed upon which provided vehicle, maintenance and price certainty.

in-life maintenance was a significant cost with the existing fleet. The client's considerable buying power was used in the procurement exercise to negotiate the price of key replacement items (glass, tyres, mirrors, light lenses etc) to lock in reduced pricing. Dealing direct in this manner also ensured the client received 100% of the savings available, often retained by leasing firms themselves.

The Result: Negotiating directly with the suppliers saved an additional 5% per vehicle on volume which was already committed. By leveraging the client's own industry presence, spare parts costs were reduced by up to 60%. Please note that for new fleets which have not been committed, we have achieved manufacturer discounts of up to 50% with the right competitive environment.



Recovery Trailers

Saving over
£1.5m pa

The Challenge The clients aging trailer fleet resulted in ever increasing maintenance charges, downtime, and third party costs to outsource recoveries when trailers were being maintained. This, together with a misalignment on life cycles, leasing terms and asset loss, required urgent attention.

The Approach Trailer maintenance was largely uncontrolled, leading to maintenance costs of between £100 and £2,500 per trailer per year (Opex). Three projects were initiated. One to implement controls so that maintenance could be reviewed, approved, and managed. The second project was to review the specification and design of the trailers, to make them more resilient and easier to maintain and the third to consider and introduce recycling of spare parts.

The Result. Implementing a repair authorisation process together with recycling spare parts saved c £125 per trailer per year (over **£180k pa**). Trailers that were old or had high maintenance costs were replaced with a new specification that significantly reduced downtime and eliminated the need for costly towing by third parties saving around **£360k** per year. Finally, moving from ownership to leasing provided a working capital improvement of **over £1m** per year.

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