

THE FLD EXECUTIVE BRIEF SERIES

5 WAYS TO MINIMIZE THE NEGATIVE EFFECTS OF FLEET INDUSTRY DISRUPTION

Key Insights Into Important Fleet Topics



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Remarketing
Remarketing Without Risk.



THE NEGATIVE EFFECTS OF INDUSTRY DISRUPTION

Like most industries, fleet has suffered its share of ill effects from the Covid pandemic. And while the industry enjoyed several decades of relative calm prior to 2020, several factors have caused it to morph into a roiling cauldron of never ending challenges. From a paralyzing lack of vehicles to mystifying supply chain delays to shortages that made finding people and procuring goods and services a nightmarish endeavor.

Even worse?

Fleet has recently experienced massive consolidation among fleet management companies, sewing confusion and throwing the industry into turmoil. Where once there were multiple providers, the landscape has dwindled to just a few behemoth suppliers, leaving a wake of unsettling layoffs, head scratching decision making and disruption unlike the industry has ever experienced.

Given this period of profound disruption, what can fleets do to safeguard themselves from the negative fallout that shows little or no signs of abating?

As fleet's remarketing leader and pioneer for 45 years, FLD is committed to helping our customers, partners and friends in fleet thrive during these challenging times. And while there's no magic bullet that can help fleets completely avoid the negative consequences of fleet disruption, here are 5 strategies that can help any fleet minimize the fallout.



1 • DEVELOP A SNAPSHOT/PERFORM AN AUDIT

Before the pandemic, the fleet industry had been fairly predictable for years. Large corporate fleet operations were the industry standard. Vehicles arrived when fleets ordered them. And supply chain woes meant a package you were expecting may come a day or two late.

During these days of plenty, most fleets had established partners and protocols that required little to no tinkering. In many instances, a smart fleet manager could simply hand over day to day duties to an FMC, set it, and forget it.

My how things have changed.

Today, little about fleet resembles what it was just a few short years ago.

Instead, fleet managers face a world where vehicles and products are all but unavailable, employees are hard to find, and supply chain woes have made it hard to do business as usual.

It's enough to drive a fleet manager crazy, and as we've seen over the last couple years, virtually no one has been left unscathed.

Given this brave new world of constant challenges, how can smart fleets protect themselves from the negative effects of industry disruption and thrive at a time when the cards seem stacked against them?



For starters, one of the first things fleets should do is perform an audit and develop a snapshot assessment of their fleet. Doing this can help any fleet better understand their strengths,

weaknesses, opportunities and threats. At the same time, it will make it easier to assess partners and service providers, while also determining baseline standards they can measure against. An assessment is also a good way to develop benchmarks they can use to track – and improve – processes and procedures to better assess how industry disruption is affecting their fleet.

In addition to developing an actual process for auditing your operation, one of the best ways to better understand what's going on with your fleet is to keep your eyes and ears open and ask questions about anything that doesn't make sense. This can be especially important if you suspect one of your partners or service providers is in the process of being sold or purchasing another entity. And while this strategy may sound like an oversimplification, you might be surprised by what you find.



2 • STICK WITH PROVEN SERVICE PROVIDERS

At a time when so much about our industry is in flux, one of the smartest things fleets can do to avoid the negative effects of disruption is to choose service providers with a proven track record of meeting – and exceeding – customer expectations in good times and bad. And while this may not always be a guarantee of smooth sailing, fleets that seek out these kinds of partners are less likely to suffer the negative effects of industry disruption.

Why?

In most cases, service providers with a demonstrable track record of achievement are more likely to rely on partners who also have the same history of achievement. Partners with well-established supply chains and ready access to the kind of products and solutions fleets need to run successful operations.

During a series of in depth interviews conducted with over 25 fleet managers during the 2022 AFLA and Work Fleet Forum conferences, over 40% of subjects agreed that industry disruption since the pandemic had been the number one problem facing their fleet. One global fleet manager with nearly 9,200 vehicles under management said that he had instituted a hard and fast rule after the pandemic started that his team couldn't change vendors for any reason without an internal review. His goal? Ensure his fleet avoided in an disruption or surprises from "unknown entities, a sign that many fleet managers are hesitant to try new providers with industry disruption so prevalent."

Yet another experienced fleet manager interviewed said she had moved her upfitting needs to a small regional provider close to her deployment zone in an effort to negate transport delays that had been costing her money – and throwing her fleet into turmoil - for months.

And while sticking with proven providers is one of the best ways to avoid fleet disruption, remember that in today's harsh business environment, no one is totally immune from its negative effects (which reinforces our next point.)



With over 49 years as the leader that pioneered vehicle remarketing FLD is a tested, proven provider with a history of helping customers eliminate risk.

3 • DON'T PUT ALL YOUR EGGS IN ONE BASKET

As the industry has seen, there's not a company in fleet who can't be purchased or folded into another company. In less than a few short years, seven fleet management companies have turned in to three. At the same time fleets have been dogged by a plethora of never ending problems.

Considering this kind of unparalleled disruption – how can smart fleets protect themselves from negative consequences they don't even see coming?

For starters, one of the smartest things fleets can do to combat fleet disruption is also one of the easiest. Simply put - don't keep all your eggs in one basket. Not at a time when providers can evaporate in an instant. This can be an especially important in an industry where the tendency for most fleets is to simply let their FMC handle the day to day management of their fleet – a strategy that makes sense in times of relative calm, but one that can lead to a world of problems when an FMC is purchased.

During interviews conducted during the Fall shows, roughly 38% of fleet managers reported frustrating or confusing interactions with their fleet management companies they felt were a direct result of recent mergers. This included one fleet manager who said his FMC replaced his entire account team without notice, informing him of his new contacts through an email that came after weeks of silence. Stunned, he said it was more than 3 weeks before he could meet with them, and that today – more than 6 months later – he still feels uncomfortable with the arrangement. Yet another fleet manager said that the leader of her customer service team had told her that she had been asked to take a significant pay cut – or to leave the company – resulting in an “uneven customer experience” and “awkward” interactions. But it's not just FMC disruption that concerns fleet managers.

It's disruption of all kinds, including the inability to procure new vehicles, the need to stretch more years out of existing vehicles, lack of access to talented labor, and spiraling inflation and unpredictable gas prices that make it hard to plan, and even harder to get the things they need to run a successful fleet.

Given these issues, FLD strongly advises that in today's current industry environment, fleets not put all their eggs in one basket. Instead, curate a list of viable “backup” providers who can reliably and cost-effectively step in at a moment's notice to ensure smooth operations and a consistent experience.



Using multiple, trusted providers can help minimize the negative effects of fleet disruption by ensuring fleets always have access to the vital services they need.

4 • STOCKPILE and SAFEGUARD CASH

The simple fact is that in today's whipsaw economy even titans like Amazon CEO Jeff Bezos and Tesla CEO Elan Musk are telling both individuals and businesses to hold on to as much cash as possible in an effort to weather what they see as an oncoming storm.

What's making these alpha dog CEO's so concerned?

In a nutshell, rampant inflation, which was roughly 7% higher in December 2022 than in December 2021. In fact, 2022 averaged a whopping 8.3% increase in inflation over 2021, sending shockwaves through consumers and causing businesses to batten down the hatches. And while the economy initially perked up after pandemic restrictions lifted, many industries have seen a steady decline in their financial condition in the latter half 2022. That included layoffs, purse tightening, and perhaps one of the most daunting challenges of all - lack of access to the kind of cheap cash as the prime interest rate (the rate charged by the Federal Reserve) jumped from near historic lows of 3.5% in January 2022 to 7.5% at the end of the year. In the face of these mounting challenges, perhaps no other industry has been so widely affected by disruption as the auto industry, and in turn fleet.

So, what's a smart fleet to do when everything around them seems to be in flux?

One of the best ways a business – or fleet - can safeguard itself from the negative effects of industry disruption is to stockpile cash and limit spending. After all, access to cash in times of extreme volatility helps business operations stay nimble and increases the opportunity to take advantage of changing market factors to gain a competitive advantage.

In the fleet world, one of the best ways to quickly access cash is to right size your fleet by selling unwanted or unused vehicles and equipment. The problem is that, with most remarketers, the process can take anywhere from a few weeks to several months, making it hard to take advantage of opportunities that require immediate cash.

To avoid this kind of unnerving scenario, fleets should sell unused, unwanted and off lease vehicles to FLD in one simple, risk free transaction that takes less than a week. As the leader in vehicle remarketing for 45 years we'll give you an offer on any vehicle or piece of equipment in any condition in just a few hours. Accept, and we'll get you paid in just a few days, leaving you free to put your newfound cash to work immediately, or save it for when it's needed most.



5 • ALWAYS HAVE A BACKUP PLAN

Disruption across the fleet space didn't start with the pandemic. Industry consolidation has been going on for years, but it seems as though the pandemic turbo charged the phenomenon. This process has sowed confusion among customers while negatively impacting competition. Or the fact that supply chain woes have forced just about every fleet to explore new and different options for procuring goods and services they had long taken for granted. Or that inflation has limited how far their budgets will go, or their access to new vehicles has all but dried up?

These are very real problems fleets had no hand in causing – they're simply the cards they've been dealt. That's a lot of disruption, but perhaps the biggest negative according to fleet managers that the current situation is so unpredictable.

One long time fleet manager with over 25 years experience and more than 3,500 vehicles under management reported that since his fleet management company merged with another he has had challenges getting timely information and that the level of service has gone down. And while most fleets are learning how to operate in a post pandemic world, just about every fleet manager we spoke with said challenges around the lack of vehicle availability, supply chain holdups, and an inability to find employees continued to be a thorn in their side.

While none of us can control fleet industry disruption, all of us can take steps to minimize its negative effects, and perhaps the best way of doing that is to have a backup plan for key services in case you can't find the products, solutions or people you need to run an efficient operation.

It's also important to remember that instead of letting your FMC handle all of your needs, services like transport, maintenance and remarketing can all be purchased outside of FMC contracts. And while most fleets traditionally allow their FMC to coordinate most ancillary services, having a backup vendor for these needs is just smart business. After all, there's nothing stopping smart fleet managers from contracting those services from their own hand-picked providers, or at the very least lining up alternative options to ensure their needs will always be met.



For more information, Contact the FLD Sales Team
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CONCLUSION

Industry disruption is a real and challenging threat for today's fleets. But it doesn't mean fleets are powerless to control of their destiny by taking a more active role in safeguarding their operation against disruption that can grind their fleet to a halt. We hope this brief has demonstrated some ways you can do that, but as always we encourage fleet professionals to reach out to us directly. With nearly 45 years as the pioneer and leader in vehicle remarketing, we're always here to give you an offer on any used vehicle in hours. Get you paid in just a few days. And leave you free to move on to more important things sooner.



No matter what your remarketing needs, FLD has the experience and expertise to help you eliminate risk and sell vehicles and equipment in one easy transaction that takes less than a week!

ABOUT FLD REMARKETING

FLD has been a leader and pioneer in the vehicle and equipment remarketing space for more than 40 years. We're the only remarketer that totally eliminates risk for our customers by purchasing their vehicles up front, before they go to auction or dealers, saving them time, money and hassles. Plus, sellers can manage the entire remarketing experience online from any device, anytime, anywhere – it's just that easy. Give FLD 5 minutes, and we'll tell you how we can totally eliminate your remarketing risk in one easy process that takes less than a week and leaves them free to move on to more important things.

For more information, or to schedule a conversation on how your fleet can thrive during challenging times like the chip shortage, give us a call at 1-800-754-1522, or log on to fldinc.com or vehicleremarketing.com today.

