



Looking for the maintenance history on one of your current vehicles?

How long has it been in service?

Looking for a current or past invoice?

All of these and other Vehicle Management questions can be answered with a quick visit to your password protected "Client Portal".

This May issue of our Monthly Newsletter will begin the first of a new and exciting 4 part series highlighting the features and benefits of the Client Portal. If you have not yet visited the Client Portal, there is a wealth of information at your fingertips which you can directly access with just a few clicks of your mouse.

Below is a quick overview of the items that you may access about your fleet with Union Leasing.

**Main Page:**

- Company, Your Contact and Billing Information
- Listing of your branches
  - Complete listing of the vehicles in each branch
  - Filtered by Active, Sold or Ordered
- Sorted by any Column
- Get detailed information simply by clicking on the Lease Number.

**Invoices:**

Get the last 2 years of Invoices for Rental, Miscellaneous or Services

- View/Download your invoices in Adobe PDF format.
- **Just Added:** View Download your invoices in Microsoft Excel format!

**Reports:**

Get detailed information on your fleet with the following reports in PDF or Excel Format:

- Vehicle Ordered Status
- All Vehicles
- Inventory Report
- Invoice Report
- License & Title Reports
- Fuel Reports
- Maintenance Reports

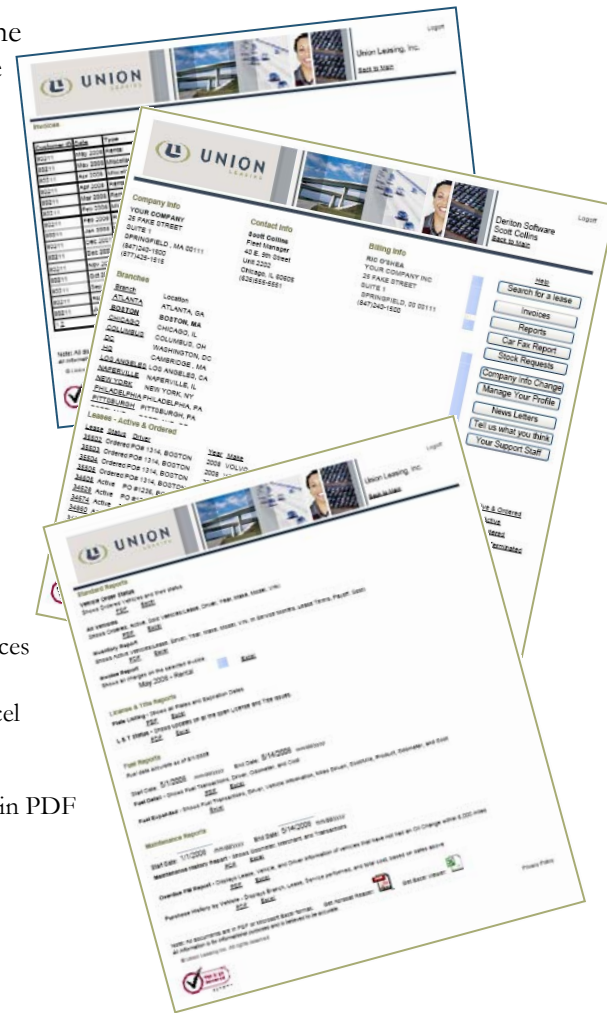
**Other areas:**

- Get CARFAX® Reports if you are looking to purchase a used car for your fleet
- Submit Stock Requests to your Client Services Representative
- Change or Update your Company information
- Submit Driver Change Requests

May 2008

**NEWS AT A GLANCE**

- CLIENT PORTAL INTRODUCTION
- THINK LIKE A USED-CAR SALES MANAGER
- 10 WAYS TO SAVE ON FUEL



**NEW!**  
Manufacturer Build Out Dates are now located on our web site at:  
[www.unionleasing.com/BuildOut](http://www.unionleasing.com/BuildOut)



## THINK LIKE A USED-CAR SALES MANAGER

When resale prices soften, there is a pendulum-like resurgence in marketing used vehicles to employees. On the other hand, when the resale market is strong, employee sales programs at many fleets are on auto-pilot, so to speak. These fleets are complacent about employee sales (waiting for buyers come to them) and do not aggressively market the program to new buyers. The national average of vehicles sold to employees is 23 percent. However, by aggressively marketing employee sales, many fleets could sell as much as 50 percent of their vehicles in-house. This can be achieved by expanding sales beyond drivers to other employees, family members, friends, and the surrounding community. Some companies even market used vehicles to the employees of other companies. The competitive-bidding environment of an auction is the best way to establish a vehicle's fair market value; however, this is a *wholesale* value. Employee sales, if done correctly, are priced above wholesale.

### Pricing is the Critical Element

Most companies allow employees to purchase vehicles at wholesale market value or a percentage back of *Black Book* or other guidebook. The lower price is possible by eliminating auction fees, transport charges, and recon expenses. A few companies sell vehicles at steeper discounts, far below fair market value, viewing the reduced pricing as an employee perk. Fleets that price aggressively below market value need to think twice before complaining about depreciation rates. In a similar vein, other companies price vehicles sold to employees at the remaining book value rather than fair-market value. The problem with these two pricing strategies is that if a vehicle is sold to an employee for substantially less than market value, the difference is taxable income and should be treated as imputed income on an employee's W-2. In addition, this is a potential Sarbanes-Oxley issue. No special allowances should be made in an employee sales program; such exceptions are a "red flag" for a skeptical SOX auditor.

At the opposite extreme, some companies price vehicles higher than fair market value – at the equivalent retail price. Needless to say, profiting at the expense of your employees is detrimental to corporate morale. You need balance when establishing employee pricing. End-of-service vehicles need to be offered at a price higher than wholesale, but lower than retail. It is important to remember that all quotes will be "shopped" against similar vehicles available for sale in the retail market.

Most employees consider it a perk to buy company vehicles at near-wholesale prices. However, do not use the word "benefit" in describing an employee sales program since the IRS could perceive it as a taxable benefit. Also, a successful employee sales program must have a non-negotiable pricing policy. Although 17 percent of the nation's fleets allow employees to submit bids and negotiate the vehicle's ultimate selling prices, this is "thin ice" and can easily become a Sarbanes-Oxley compliance issue, especially if your recordkeeping isn't up to snuff.

*Continued on page 3*



## THINK LIKE A USED-CAR SALES MANAGER CONT.

### Market Aggressively to Employees

Fleet management creates a product — a used vehicle, which is "produced" during its term in service. A fleet manager must be a "used-car salesman" to maximize the percentage sold to employees. You must market vehicles rather than just sell them. One mistake many fleets make is waiting for employees to request pricing. For every vehicle coming out of service, a formal price quote should be provided to the driver, whether or not the driver requests one. This gives drivers time to deliberate the purchase and arrange funding if they are interested in buying. Also, drivers who weren't initially interested may be swayed upon seeing the price. It is not necessary to offer extended warranty/service contracts with used fleet vehicles, but doing so will create additional value for the purchaser. Approximately 14 percent of commercial fleets offer an extended warranty program for out-of-service vehicles sold to employees. However, it is important to give drivers the option to buy an extended warranty program. For example, the cost of the service contract should be built into the vehicle's selling price, but permit the buyer to eliminate the option, which would correspondingly reduce the selling price.

Employee sales are the best way to reduce your days-to-sale, and it represents the fastest cash flow in recouping resale proceeds. In the final analysis, employees represent the strongest resale market for company vehicles. They know the history of the vehicle and, as a result, have a high comfort level in making the purchase decision. Employee sales also encourage better care of vehicles during their service lives. However, you should be "street smart" and monitor maintenance histories on an ongoing basis to prevent "over-maintained vehicles" by drivers in anticipation of purchase, such as purchasing of four new tires prior to turn-in.

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## 10 WAYS TO SAVE ON FUEL COSTS

### 1. Avoid Long Idling

The worst mileage a vehicle can get is 0 mpg, which occurs when it idles. Idling for long periods of time, whether at a railroad crossing or pulling off the road to make a cell phone call, consumes gas that could be saved by simply turning off the engine. Restarting an engine uses about the same amount of gas as idling for 30 seconds. When idling for longer periods of time, shut off the engine.

### 2. Clean Out the Trunk and Eliminate Unnecessary Weight

Vehicles get much better mileage when they're not loaded with unnecessary weight. Every 200 lbs. of additional weight trims one mile off fuel efficiency. Most drivers accumulate material in their vehicle trunks, some of it unnecessary. Instruct drivers to remove all non-required items from the vehicle, such as unneeded tools or materials.

### 3. Anticipate Traffic Flow

Anticipate traffic conditions and accelerate and decelerate smoothly — it's safer, uses less gas, and reduces brake wear. By anticipating a traffic light change, an upcoming stop sign, or the need to slow down for a curve, you can avoid or reduce brake use and save gasoline in the process. Like the "jackrabbit start," the "jackrabbit stop" is also a major contributor to inefficient driving.

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## 10 WAYS TO SAVE ON FUEL CONT.

### **4. Keep Tires Inflated to the Correct Pressure**

Buy tire gauges for your drivers so they can ensure tires are inflated to the manufacturer's recommended level. One underinflated tire can cut fuel economy by 2 percent per pound of pressure below the proper inflation level. One out of four drivers, on average, drives vehicles with one or more underinflated tires. When a tire is underinflated by 4-5 psi below the manufacturer's recommended tire pressure, for example, vehicle fuel consumption increases by 10 percent and, over the long haul, causes a 15-percent reduction in tire tread life. Check the vehicle's doorpost sticker for minimum tire inflation pressure.

### **5. Encourage Drivers to Observe Posted Speed Limits**

This tip may save a life as well as fuel. The Environmental Protection Agency (EPA) estimates a 10- to 15-percent improvement in fuel economy by driving 55 mph instead of 65 mph.

### **6. Shop Around for Best Fuel Prices**

Check the Web for the best fuel deals. GasBuddy.com is a network of more than 179 city-specific Web sites with gas price information posted by users. Browse this site on a BlackBerry or other PDA to find cheap gas on-the-go.

### **7. Use A/C Sparingly**

Use the air conditioner only when needed. The air conditioner puts extra load on the engine, forcing more fuel to be used. An air conditioner is one of the biggest drains on engine power and fuel economy. It can reduce gas consumption 5 to 20 percent, depending on the type of vehicle and the way it is driven. Don't use it as a fan to simply circulate air. If it's just too hot to bear without A/C, keep it set around 72 degrees. Use the vent setting as much as possible.

### **8. Avoid Uphill Speed Increases**

When climbing a hill, the engine is already working hard to overcome gravity. Pushing it harder by stepping on the gas is simply a waste of fuel.

### **9. Use Cruise Control During Highway Driving**

Unnecessary changes in speed are wasteful. The use of cruise control helps improve fuel economy.

### **10. Monitor Preventive Maintenance Schedules**

Proper maintenance increases a vehicle's fuel economy. For example, unaligned wheels that fight each other waste fuel. Keep the air filter clean. A dirty filter clogs an engine's air supply, causing a higher fuel-to-air ratio and thereby increasing gasoline consumption. Use good quality, energy-conserving (EC) oils with a viscosity grade consistent with the manual. Look for bottles marked with the symbol ECII, which is the American Society of Testing Materials (ASTM) logo for fuel-efficient oils.

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