

Is Leasing through a Fleet Management Company right for your company fleet?

There are several key advantages to leasing versus buying company vehicles. Many have to do with charging costs to areas or jobs as well as tax deductions. Leasing allows you to only pay for the portion of the vehicle you use versus paying for the whole vehicle. Additionally, **no major outlay of capital is required when leasing.**

A professional fleet management company has the expertise and resources to find the best fit units at wholesale rates, saving you money and saving you time by doing the shopping for you.

Fleet management partners can also negotiate discounts based on your volume with the manufacturers. If you are purchasing vehicles, likely from different dealers, you typically miss out on this. While you may be able to get a discount with a dealer occasionally, it does not measure up to the value you can get by partnering with a fleet management company that ensures you are getting the discounts to which you are entitled.

Lease Structures

There are a variety of lease structures and terms depending on client needs. Under an open-end or finance lease, a lessee guarantees the residual value at the end of the lease. Under a closed-end or operating lease, there is no residual value guarantee and the lessee can simply “walk away” at the end. Closed-end lease options allow the lessee to take advantage of the term/mileage flexibility of the program. This enables lessees to lower overall vehicle operating cost and provides them piece of mind through much easier fleet budgeting, where there are no significant spikes in spend.

Open-End Lease

- No kilometre restrictions/penalties
- No excess wear and tear charges
- Up-fitting can be included in lease

Closed-End Lease

- Budgeted fixed payments
- No residual risk for easier budgeting
- Walk away lease
- Up-fitting can be included in lease

Additional Benefits

Invoicing

By leasing through a national full service fleet management company, you have one invoice to reconcile each month for your vehicle costs. When purchasing or leasing with dealers, you're likely dealing with different dealerships with multiple invoices to settle. Additionally, you have to work hard to maintain multiple relationships with the various dealerships.

Vehicle Sourcing

Leasing allows you to work with all manufacturers' dealers throughout Canada in order to secure the best fit vehicle for your fleet, at locations close to where your drivers live or work. This can often translate to additional savings by monitoring costs and also providing vehicles with only the required options.

Upfitting Management

Upfitting management including specifications, billing and invoice management is available with all types of leases. A fleet management expert will help structure leases based on upfitting on the vehicle to lower overall vehicle operating cost. Depending on upfitting type, it can also be transferred into replacement vehicles if needed (if the upfitting item has a longer lifecycle than the vehicle).

Inventory Management

By leasing with a fleet management company, it will be easier to keep track of your fleet in terms of vehicles in use, age of fleet, and replacement date. In turn, this saves you time and money by allowing the fleet management company to oversee your inventory.

Resale

A VERY important part of the whole cost for a fleet is what a vehicle is worth when it sells. For any leases that are open-end, a fleet management partner can remarket them for you. This takes the administration of reselling your used fleet out of your hands. It should be any reliable fleet management company's goal to maximise the value of your used vehicles. A good fleet manager should also minimize disposal costs which in turn get passed on to you. This allows you to focus on running your business rather than trying to resell your used fleet yourself through auction, trades or private sales.

Time Savings and Relationship Building

A good lessor should become your fleet management partner. The main goal of any reliable and professional fleet management company should be to build a trusting, long-lasting relationship that takes the everyday burdens of fleet management out of your hands. A large part of the success of any fleet management partner is attributed to ensuring that their clients are taken care of throughout the entire process.

Sell to Employees or Not?

A good fleet management company can help you set a fair price so you don't have to guess at it. This ensures that you are not leaving any additional money on the table when reselling.

Fleet Management

In the event of any accidents, damage or servicing, fleet management companies can assist with insurance payouts, warranty and service issues, and provide overall consultative fleet management. In addition, other popular value added services provided by fleet management companies such as fuel/maintenance management, vehicle licencing management, telematics, taxable benefit reporting, and safety programs can significantly increase value, lower overall fleet spend, and ultimately, help you run a safer and more efficient fleet of vehicles.

This is just a summary of the value that fleet management companies can offer to their clients on a regular basis. We are more than happy to provide additional information or reassurances. For more information, don't hesitate to stop by during business hours or contact us!

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