

Company Leasing vs. Car Allowance: Making an Educated Decision for Your Fleet

When weighing the costs and benefits between leasing a car and giving an employee a car allowance, it is sometimes difficult to see a clear bottom-line figure. However, benefits exist from both managerial and financial standpoints to opt into a lease.

Before making a decision, it is important to identify benefits for both employer and employee. Although determining such benefits can be a daunting task, there are several reasons to consider a commercial leasing program. Listed below are key reasons as to why leasing can be an operationally and cost-effective solution for your company vehicle needs.

Employer Benefits of Company Lease Vehicles

Reduction in Insurance Liability – Correct insurance may not always be in place when driver-owned vehicles are used for commercial use. This can pose a significant liability factor for the employer, who will likely be named in an insurance suit whenever the employee-owned vehicle is being used for business purposes because of vicarious liability.

Vehicle Selection – Companies can control the choice of vehicles, ensure consistency across the fleet, and standardize vehicle options and branding (decals/graphics).

Improved Operations – Companies can ensure that the drivers are using vehicles fit for the appropriate task.

Safety – Companies can control the safety options that are included in vehicle specs to lower the risk of accidents (back-up cameras/collision sensors/blind-spot monitoring).

Pricing – Leased vehicles through a company can take advantage of manufacturer volume rebate programs.

Mileage Management – Companies can ensure that high mileage drivers are cycled out appropriately. It ensures that vehicles and policies are tailored to drivers' operating areas and mileage used. A company can also track usage patterns and cents per kilometre to help improve productivity through re-routing or territory changes.

Employee Benefits

1. Leased vehicles can be considered a perk for desirable potential employees (they don't have to worry about the hassles of vehicle ownership).
2. Employees don't have to worry about downtime if they are driving new leased vehicles regularly.
3. When partnered with a Fleet Management Company, an employee will have the benefit of working with an experienced account executive to ensure that they are:
 - Exploring all options in terms of vehicle type/model/features
 - Executives can set up test drives/take loaners from many manufacturers
 - Ensure they are getting the best value in terms of vehicle rebates

The benefits above support leasing a car rather than issuing a car allowance and have been listed in detail to both inform and educate employers who are contemplating how to reduce costs and improve operations. When looking at the bottom line, it is a matter of finding what best suits your business in terms of operating safely and efficiently.

For more information on the benefits of leasing or our other fleet management solutions, contact us today.

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