

## Your Company Vehicles Are Nearing Their End of Life Cycle. What Are Your Options?

Statistics show that depreciation is the largest cost when operating a fleet of vehicles and accounts for approximately 40% of overall fleet spend. To effectively operate a safe fleet and manage costs, implementing an effective remarketing program is the key to fleet efficiency.

After the completion of your lease term or when owned vehicles are due for replacement, the next step is to remarket your vehicle to ensure you are receiving the best return possible. Most all-encompassing fleet management companies will offer multiple resale channels at the end of the lease term to ensure the highest return. These options include:

- Selling the vehicle at auction
- Selling to a third party
- Selling to a driver
- Selling to the client directly

Resale is an often overlooked process in the fleet cycle but one of the most important to the overall cost of your fleet. An effective fleet management team will maximize resale values, turning sales around quickly which means a stress-free experience for you.

### **The main objectives of a fleet management remarketing department are:**

#### **Minimize Depreciation**

- Selecting the right vehicle at the beginning of the lease that meets your immediate needs and minimizes costs over the life of the lease.
- Ensuring your fleet program offers comprehensive maintenance plans because a well-maintained vehicle sells for more. This includes working closely with internal account managers and maintenance management teams to evaluate options when vehicle cost decisions arise.

#### **Maximize Resale Value**

- An effective remarketing program will consider factors like season and sale location to get you the best price at the auction.
- Every vehicle should be assessed and reconditioned as necessary to provide the highest net return possible.
- Local, personal representation at the auction to ensure that you are receiving the highest dollar possible for your asset.

### Provide Effective Sales Channels

- For most lease types, vehicles can be sold at auction, to a third party, or directly to the driver.
- An effective fleet management company should ensure that every vehicle sold through auction is represented by an experienced remarketing team.

### Auction Sales

A vehicle auction is used as a medium for remarketing teams with fleet management companies to resell their used vehicles. The auction also increases exposure due to the high number of buyers and product appetites. To add further value for the end customer, auctions have expanded their service and product offerings to provide enhanced flexibility, expanded customer reach, and exposure. A good example of this is the use of simulcast sales that reach thousands of buyers around the world.

#### Benefits of Using an Auction Include:

- Transparency of sale
- Accountability for resale performance to lessor/lessee
- Large buying audience at each sale
- Multiple sales channels via live block sales, web sales, etc.
- Fleet vehicles are typically represented via lessor for all sales
- Ability to move vehicles to alternative locations, if required
- Costs are flow-through to end customer
- Investing significant capital to attract new selling and buying customers
- Services offered to buyers are extensive as compared to independent Remarketing Centres, including vehicle cleanup and minor mechanical and bodywork to have a vehicle ready for immediate sale by the buyer

### Driver/Client-Directed Third Party Sales

Effective fleet management remarketing programs should have the option to facilitate a vehicle sale directly to the driver or a third party of the client's choosing. The driver purchase option is sometimes exercised as an employee perk, where drivers purchase their vehicle or a vehicle in the fleet, at a reasonable set price. Fleet management companies can also help determine an appropriate sale price or fair market value to ensure consistency and fairness.

### Direct Client Sales

Flexibility is extremely important when remarketing vehicles and as such, fleet management companies must offer multiple avenues for sale at the end of the term, including direct client sales. Client sales allow lessees to purchase leased vehicles directly from the lessor. When the client is

ready to sell the vehicle, they should be able to simply contact their fleet management company, and they will arrange to have it remarketed.

This is just a summary of the value that fleet management companies can offer to their clients regularly. For more information, don't hesitate to stop by during business hours or contact us!

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