



LeasePlan

What's next?



Corona outbreak

The right actions for
fleet management

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Introduction

Coronavirus has turned the world upside down. What can fleet managers do?

The rapid spread of coronavirus is having a major impact around the world. Governments, citizens and businesses are all doing their bit to reduce the health risks. The advice is to avoid all non-essential travel and to minimize personal contact. Remote working has been implemented wherever possible.

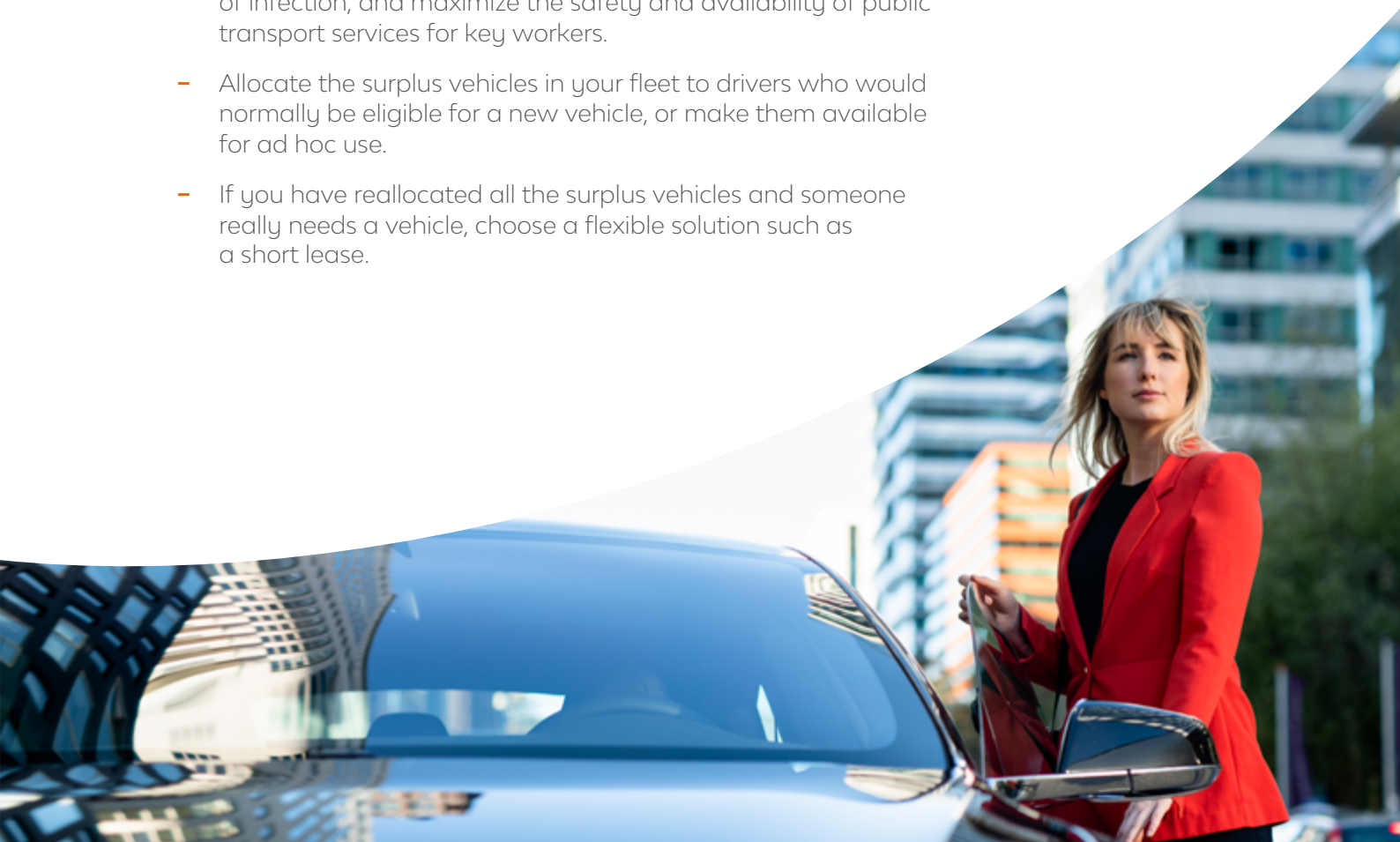
Key workers are pulling out all the stops to keep essential services such as healthcare, governmental offices and supermarkets running. Many car makers are shutting down their plants. Shops are closing and production lines are grinding to a halt. The resulting economic uncertainty is affecting all organizations.

This unprecedented situation calls for decisive action, and that includes with respect to vehicle fleets. This document outlines some steps that you can take immediately.

Advice

Key advice Summary

- **Focus on what is essential**
 - Instruct drivers to avoid all non-essential travel: employees should work from home whenever possible and conduct meetings by phone/videoconferencing.
 - Postpone non-essential repairs and maintenance such as tire replacement.
- **Do not order new lease vehicles**
 - Now is not the time to be committing yourself to long-term agreements.
 - Contact the lease company to explore how you can get more out of your existing fleet.
- **Extend the duration of your current lease agreements**
 - Consider extending the lease by 12 months, or to full amortization
- **Take a flexible approach to mobility**
 - When alternative forms of transport are required, advise drivers to avoid public transport. This will minimize the risk of infection, and maximize the safety and availability of public transport services for key workers.
 - Allocate the surplus vehicles in your fleet to drivers who would normally be eligible for a new vehicle, or make them available for ad hoc use.
 - If you have reallocated all the surplus vehicles and someone really needs a vehicle, choose a flexible solution such as a short lease.



Advice

What can fleet managers do to help?

LeasePlan – and our suppliers – are taking necessary measures to protect everyone’s health and safety. However, to minimize the risk of infection and ensure that there is sufficient capacity for urgent tasks, we also need your help.

Postpone non-essential activities

Tasks such as maintenance, repairs, tire replacement and bodywork are often not essential. However, road safety is always the top priority. If a vehicle urgently needs a service in order to remain safe to drive, then we will of course be happy to help you. In that case, register the vehicle for a service. We are continuously monitoring the availability of parts to ensure that essential work can still be carried out.

Remote working and connectivity

Now that travel is being restricted, a huge number of people are working from home – including employees who usually spend a lot of time out on the road visiting customers. You can help those employees by offering them remote-working tips and connectivity solutions, such as videoconferencing tools so they can hold online meetings. For example, solutions such as Skype, Microsoft Teams and FaceTime enable employees to stay in touch and sustain ‘business as usual’ as much as possible.

Economic uncertainty – do not order new lease vehicles

Almost all organizations – from multinationals and corporations to small businesses and freelancers – are directly affected by the current coronavirus crisis. Orders are being cancelled, appointments are being postponed and hence revenue is down. Many companies are requesting short-time working for their workforce, and nobody knows how long the current situation will last. Furthermore, many car makers have completely shut down their plants, leading to long delivery times for existing and new vehicle orders. This is likely to affect vehicle prices, and so too is the latest change currently being made to the WLTP² protocol. This will have a knock-on effect on your lease costs and the fiscal situation for drivers.

In view of all this economic uncertainty, now is not the time to be committing yourself to a long-term agreement. Therefore, we are advising customers not to order new lease vehicles for now. See the next page for more details of what to do instead.



Extend lease agreements

Wherever possible, you should extend your existing lease contracts in order to avoid having to order new vehicles right now. Contact your LeasePlan representative to discuss which lease agreements can be extended and how you can optimise the benefits.

Avoid using public transport

When your organization needs extra mobility, it is best to advise employees to steer clear of public transport. That way, we can all help to reduce the risk of infection, and maximize the safety and availability of public transport services for key workers.

Surplus vehicles in your fleet? Use them first

If you have any unused vehicles in your fleet, reallocate them to drivers who would normally be eligible to order a new vehicle. Many companies have included a clause in their lease policy to cover this scenario. This solution avoids incurring unnecessary costs for returning surplus vehicles and is also an easy way to delay the ordering of new vehicles.

Are extra vehicles really needed?

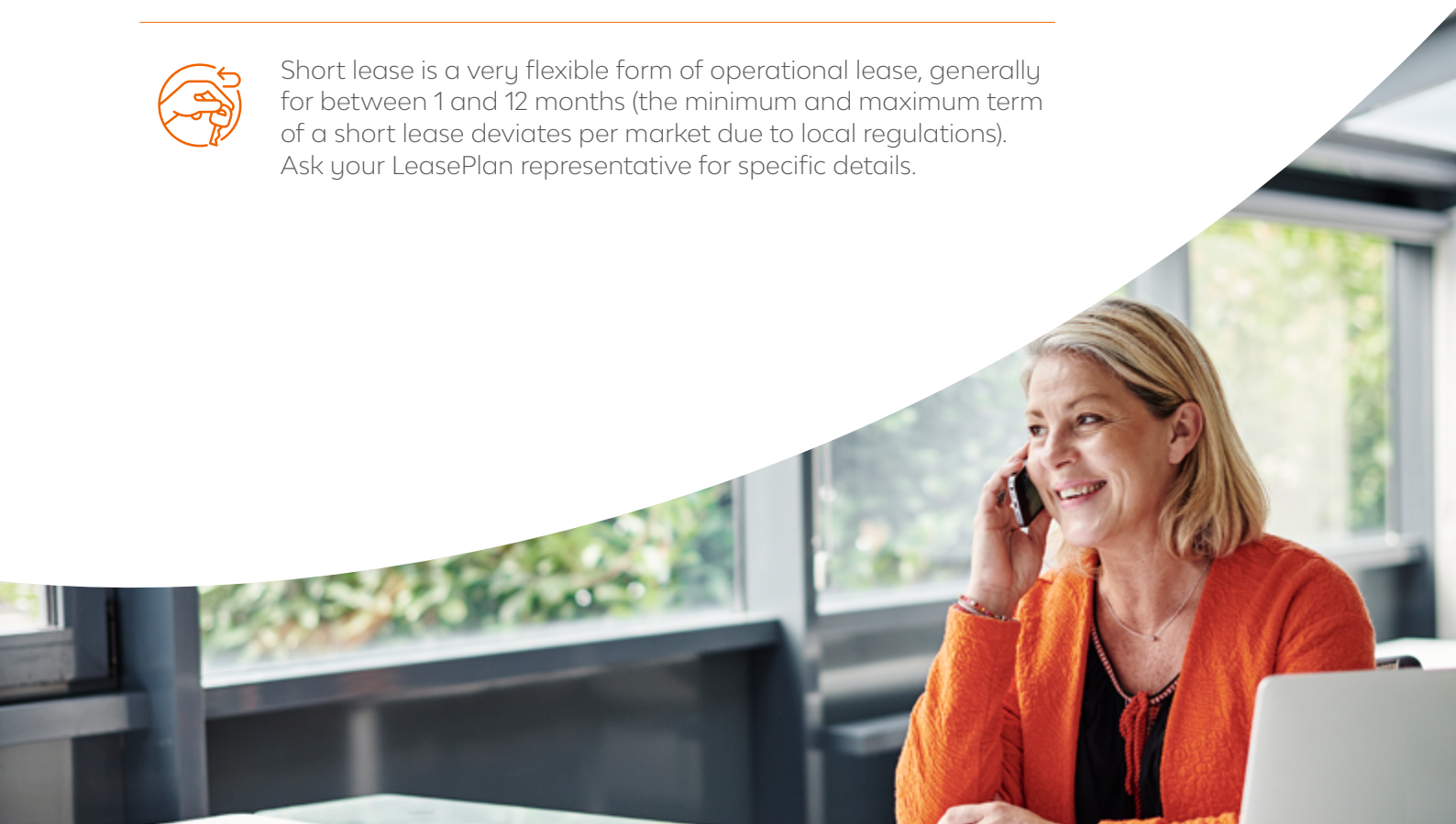
If additional vehicles really are needed, find a solution that is as flexible as possible, and consider downsizing by a category too. Possible options include:

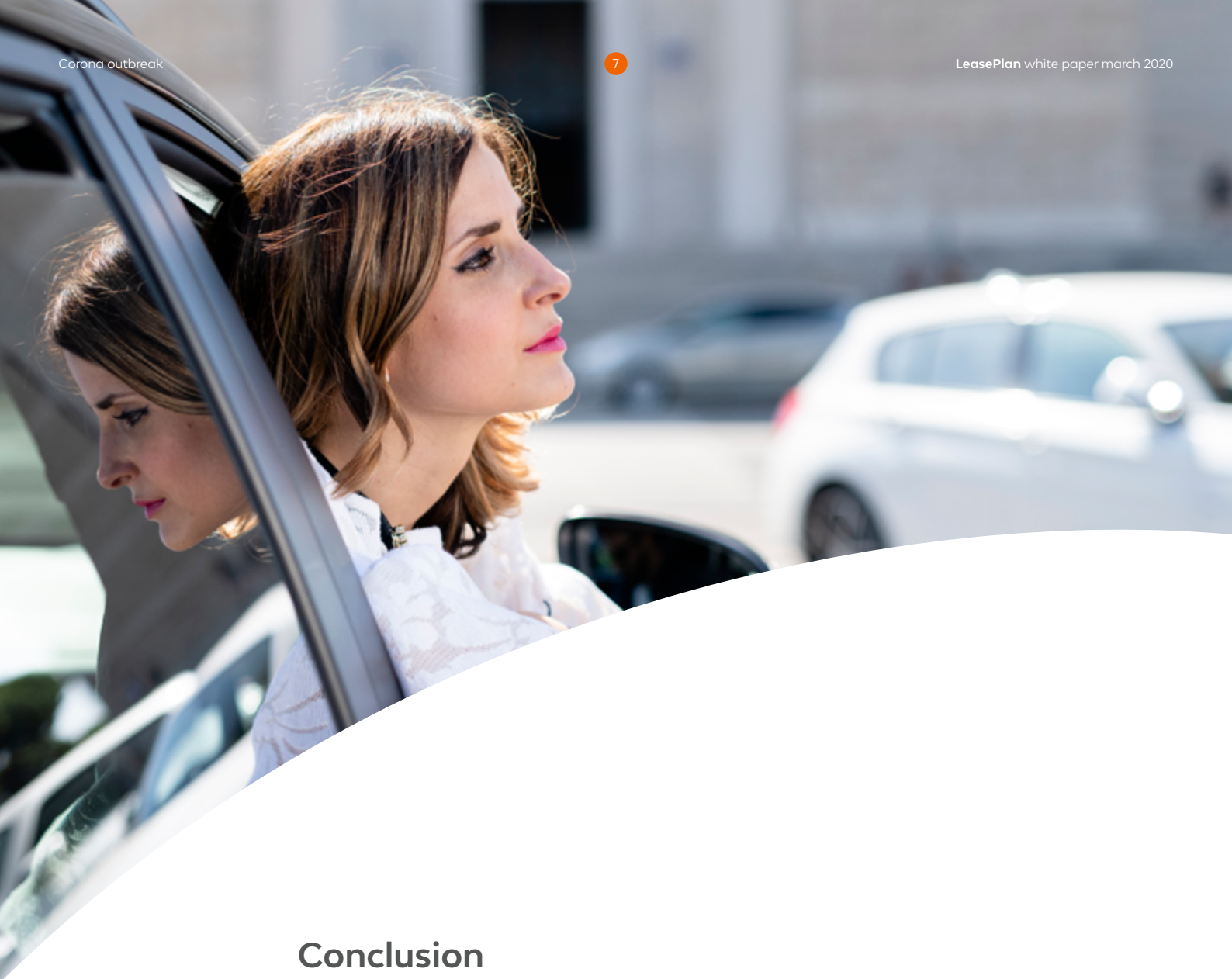
- Short lease
- Rental vehicles

These options avoid you having to make a longer-term commitment, plus you can choose the optimal mobility solution in line with the duration you require.



Short lease is a very flexible form of operational lease, generally for between 1 and 12 months (the minimum and maximum term of a short lease deviates per market due to local regulations). Ask your LeasePlan representative for specific details.





Conclusion

The coronavirus pandemic is a challenging time for everyone, including for fleet managers. At LeasePlan, we hope that this advice will help you to take decisive action so that you can continue to manage your fleet as effectively as possible under the circumstances.

Postpone non-essential activities, including travel and routine maintenance. Do not place new vehicle orders. Extend existing agreements. Make optimal use of surplus vehicles in your fleet. If extra vehicles really are needed, choose a flexible mobility solution such as a short lease.

These measures will help us all to stay as safe and as mobile as possible. Contact LeasePlan to discuss the options in more detail.

contact

Written by an expert panel

This publication has been prepared by LeasePlan Consultancy Services. Within LeasePlan Consultancy Services, we have experienced experts who are specialised in the complex dynamics of today's – and tomorrow's – mobility market. They offer personalised advice and training, suggest solutions for interim fleet management and share their knowledge, including through publications such as this one.

Our team



Wouter Lips,
Consultant

wouter.lips@leaseplan.com



Marily Snijders,
Consultant

marily.snijders-cats@leaseplan.com



Maaike Appelboom,
Consultant

maaike.appelboom@leaseplan.com



Jeroen Sunter,
Consultant

jeroen.sunter@leaseplan.com



If you have any questions or comments please get in touch with your regular LeasePlan contact person or email us at info@leaseplancorp.com.

References

¹ Maximum mileage varies per market and per vehicle model. Ask your LeasePlan representative which maximum mileage applies for your vehicle(s).

² Worldwide Harmonised Light Vehicles Test Procedure (WLTP) will be fully implemented in all EU countries by January 2021.