



LeasePlan

What's next?

COVID-19 crisis management for fleets

How scenario planning
can help fleet managers
to stress-test their fleet
and prepare for what
might happen next

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Introduction

The importance of thinking ahead

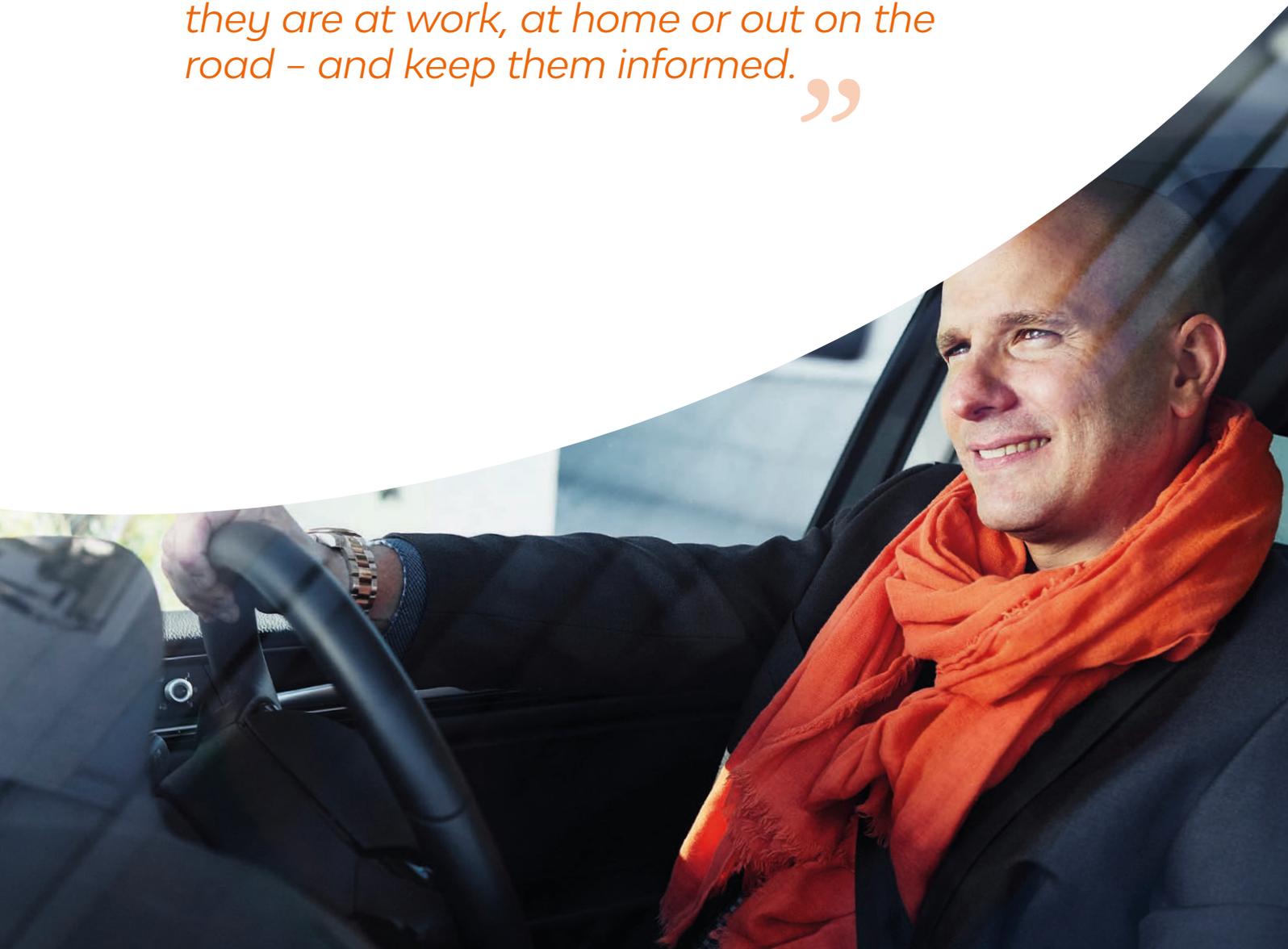
The coronavirus pandemic has created an unprecedented situation. This requires fleet decision-makers to develop a clear view of how COVID-19 could impact on their fleet operations in both the short and longer term. This includes thinking ahead – because the next phase is increasingly likely to entail not only economic change, but also new challenges with a lasting impact on public behaviour, mobility and existing business models.

This article is intended to provide fleet managers with a template for thinking about the impact of the coronavirus outbreak on their fleet. It outlines examples of three possible scenarios as well as four questions to ask yourself for each scenario. This will enable you to take action right now by planning ahead for what might happen next.

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Engage with your drivers – whether they are at work, at home or out on the road – and keep them informed.

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How fleet managers can do their bit

How fleet managers can do their bit 4 decisive steps

At this stage of the coronavirus pandemic, most companies have already put a crisis team in place and are doing all they can to keep their employees and customers safe, to continue with 'business as usual' as much as possible, and to deal with the uncertainty amidst constantly changing circumstances.ⁱ As a fleet manager, you can do your bit (if you have not already done so) by taking the following four decisive steps:

1. Assess your fleet and seek alignment with your company's crisis unit

A fleet assessment should be conducted as quickly as possible when the crisis starts to unfold. As soon as the management team begin to analyse the possible impact of the situation on the company, its employees and its customers, it is important that the fleet manager gets involved.

To help your company fully understand the potential ramifications of the crisis, including the plausible impact and resulting problems, you should provide a clear overview of your fleet:

- prepare an overall picture of your fleet including driver details, quantities and types of vehicles and contract details such as mileage and duration
- identify 'essential' drivers
- analyse which vehicles are up for renewal and when
- remember to include the vehicles that are on order



How fleet managers can do their bit

2. Take 'damage limitation' action

Limit the immediate impact of the coronavirus outbreak on your fleet by focusing on what is business critical. Instruct drivers to avoid all non-essential travel, and postpone non-critical service appointments. This will allow the available vehicle maintenance resources to be directed where they are most needed. Extend the duration of your current lease agreements or increase mileage limits so that vehicles can

remain in use for longer, given the issues in the global supply chain with the production of new vehicles. Allocate any surplus vehicles in your fleet to drivers who would normally be eligible for a new vehicle, or make them available for ad hoc use. Read more about immediate steps decision-makers can take to reduce the impact of the pandemic on their fleet in [this blog](#).

3. Engage with your drivers

Although the measures introduced to limit the spread of COVID-19 require the majority of people to stay at home, there are still numerous employees for whom certain journeys are unavoidable. This can cause safety concerns or uncertainty among drivers, which is why clear and ongoing communication to drivers and other fleet-related stakeholders is key.

Make use of handy tip sheets to engage with your drivers – whether they are at work, at home or out on the road. Keep them informed about key topics including:

- safety for essential drivers
- vehicle maintenance, repairs and tyre replacement
- vehicle hygiene and disinfection tips, especially for shared vehicles
- contract extensions for vehicles that are up for renewal
- possible delays to new vehicle deliveries
- tips for vehicles that are left unused for prolonged periods



How fleet managers can do their bit

4. Scenario planning; stress-test your fleet

Once you are on track with the above-mentioned steps, it's time to plan ahead. In a crisis like the coronavirus pandemic, it is key to develop an effective plan for whatever might happen, taking account of multiple versions of the future. There are two main uncertainties associated with the current crisis: the spread of the virus (and the associated health response) and the economic effect (and the policy response)ⁱⁱ. It is therefore essential to consider the impact on your fleet operations/requirements in the case of various scenarios. You can use the three scenarios below as a guideline. Needless to say, however, the situation is not as clear-cut as this. It is entirely possible that the future will bring a combination of these three scenarios.

3 guideline scenarios:



There is rapid and successful control of the virus spread and business gets back to normal in 2-3 months' time.

The health response succeeds in controlling the spread in each country within 2-3 months.

Successful governmental measures are implemented; the policy response prevents long-term economic damage, which supports a return to the pre-crisis situation and the same momentum as before.



The virus recurs.

Although the health response has short-term success, the measures are not sufficient to prevent recurrence. This results in a continuation of social distancing (regionally) for several months.

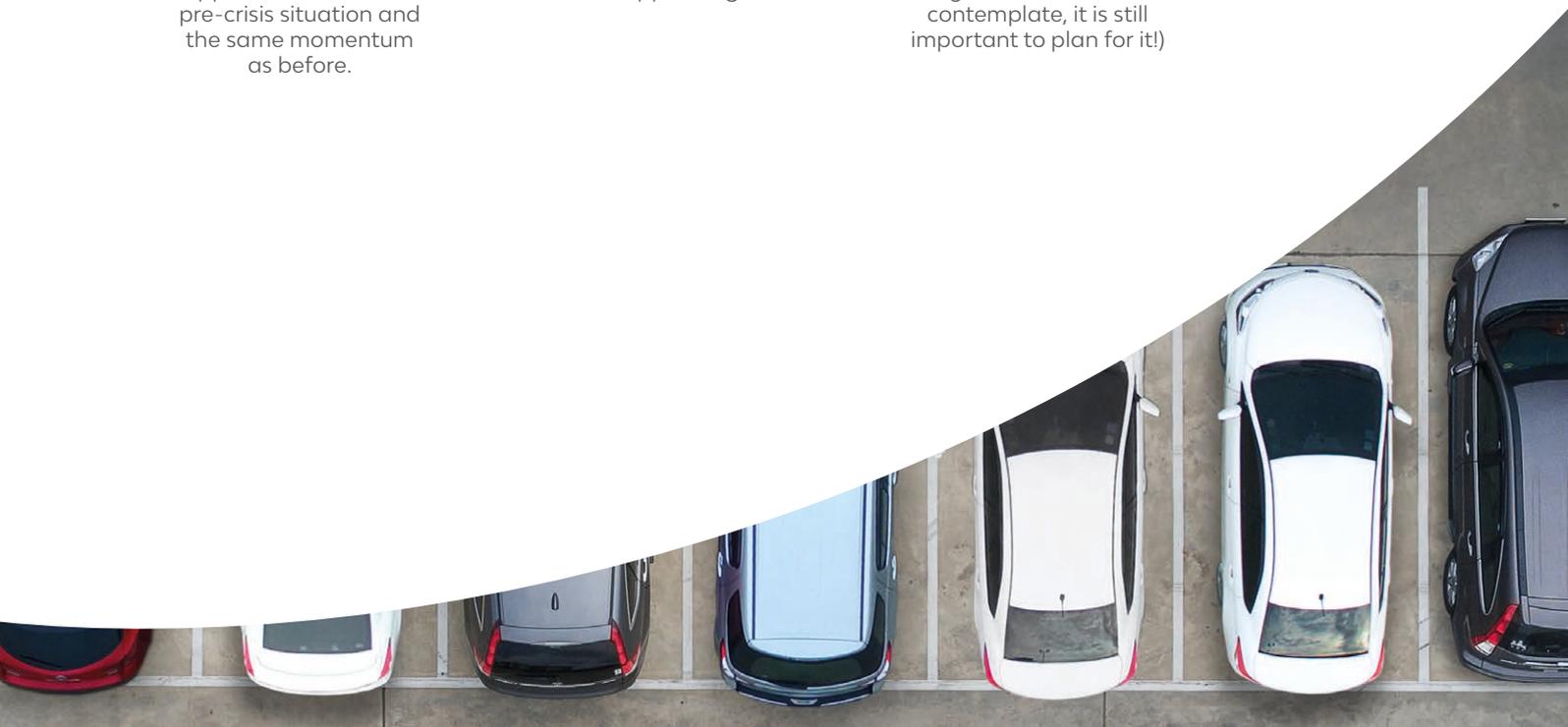
Combined with an only partially successful policy response, this results in some economic damage and recovery levels are disappointing.



Overall failure of health response.

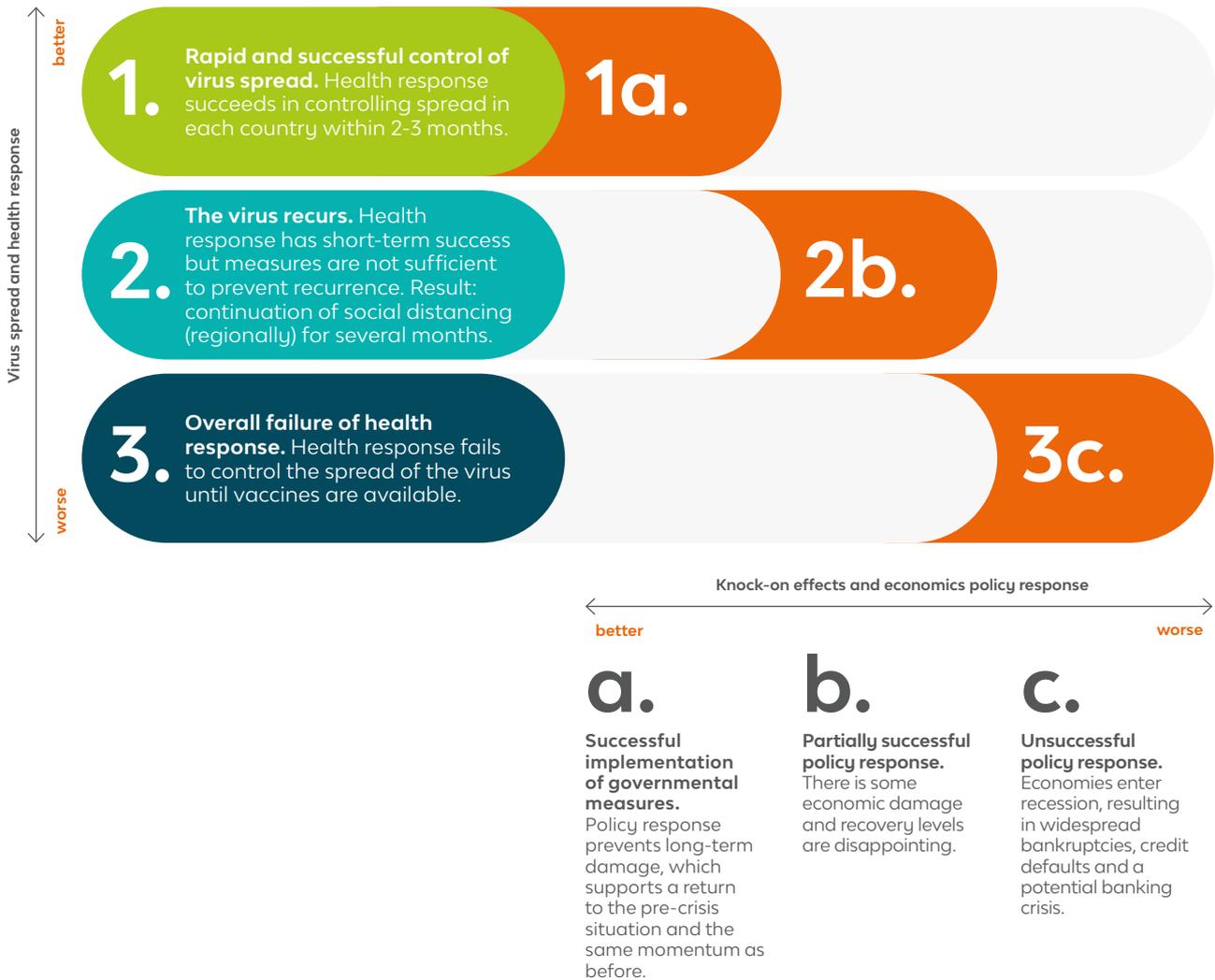
The health response fails to control the spread of the virus until vaccines are available. Combined with an unsuccessful policy response, this tips economies into recession, leading to widespread bankruptcies, credit defaults and a potential banking crisis.

(Although this scenario may seem too awful to contemplate, it is still important to plan for it!)



How fleet managers can do their bit

Figure 1: Scenario planning template for fleet managers



For each of the scenarios above, ask yourself the following questions:

- What are your company's immediate fleet requirements over the next 1-3 months?
- What are the company's future requirements for your fleet in 3-12 months' time?
- What else is in your backlog list?
- What is the first step that you can take in response to this particular scenario?

To stress-test your fleet, identify where your fleet set-up is most at risk and where it is most resilient. Then assess your current fleet approach against each scenario, including consideration of your fleet's performance and contribution to the business as a whole. This will help you to determine whether each initiative should be continued as planned, accelerated or stopped.

Conclusion

Scenario planning is key

Scenario planning is key to success in the long-term. It helps you to make uncertainty measurable and therefore manageable, reducing confusion by highlighting what you know, what you don't know and what really matters. This enables you to identify, with confidence, which steps to take first based on a clear structure and sound reasoning. In a world of extreme uncertainty, a rigid deterministic plan may not remain effective for very long, but attempting to keep everything flexible can be an expensive road to nowhere. Therefore, it is highly recommended to consider several different scenarios as input and to ensure that your tactical and strategic path of action is robust across the various scenarios.

How LeasePlan can help

As you start to develop your crisis management plan for your fleet, don't hesitate to contact your regular LeasePlan representative. We are in this situation together, and we're keen to ensure that we all emerge from this crisis as strongly as possible. Therefore, we are more than happy to help you review your situation and requirements as the basis for deciding on the most effective next steps for you.

Contact

Written by an expert panel

Within LeasePlan, we have experienced consultants who are specialised in the complex dynamics of today's – and tomorrow's – mobility market. They can help you make the right decision for optimising your fleet. Ask your LeasePlan contact person for more information or support.

Our expert



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References

¹ This article is intended to provide fleet managers with a perspective on how the situation might evolve, and help them to structure their response in the context of their fleet. However, since the coronavirus outbreak is continuously evolving, some of the ideas presented in this article may lose their immediate relevance over time.

² Source: <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/getting-ahead-of-the-next-stage-of-the-coronavirus-crisis>