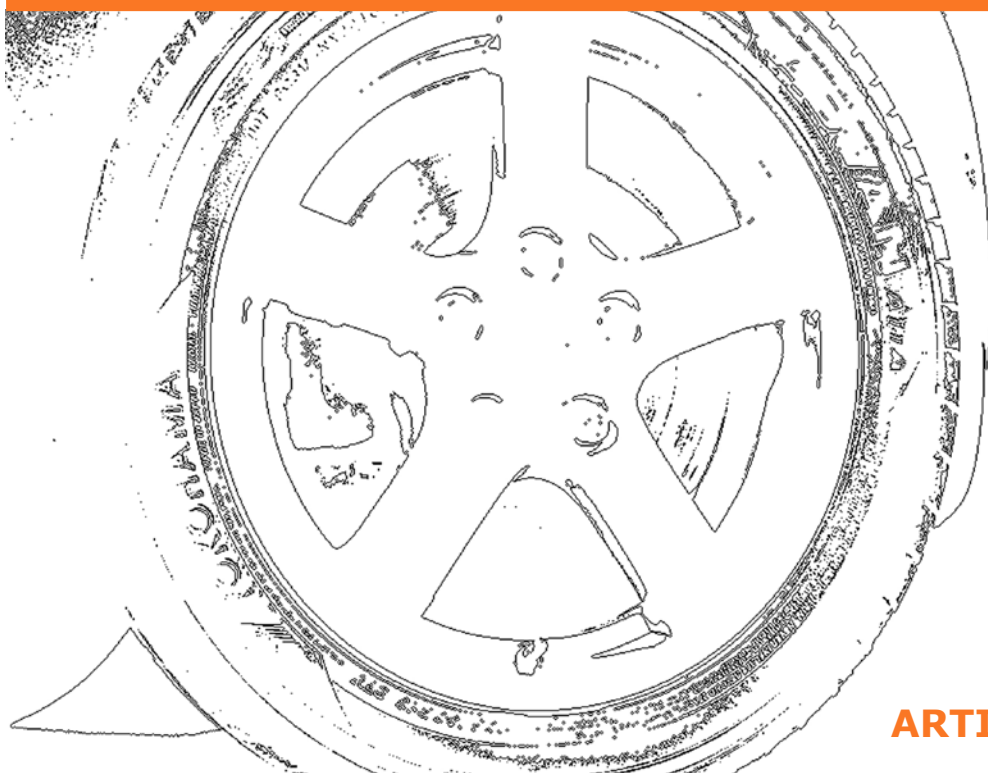


Knowledge

BANK



ARTICLE 33

Vehicle maintenance requirements

Vehicle maintenance requirements

Background

Few fleets have their own servicing facilities so you will have to rely on local dealerships, fast-fits and repair shops to meet your service, maintenance and repair (SMR) needs. Alternatively, you can use a contract hire or fleet management company and allow the supplier to make these arrangements for you.

In many small businesses the driver decides when their vehicle requires servicing or repair work. They then take it to a convenient servicing centre, get the work done, pay the bill and claim it back on their expenses.

There are many problems with this approach. The driver may forget to have routine servicing or MoT tests carried out when they are due or may pay too much for the work. The garage may say that a piece of work is necessary, or a part needs to be fitted, when an alternative, cheaper option may be available.

There are no economies of scale here: the dealer might have offered you a discount if they knew they would be getting more than one car in for servicing or repair.

You have no control over the driver's actions: they may ask for work to be done simply because they feel it would be nice to have, rather than it being essential for the function or safety of the vehicle.

Many companies allow their drivers to buy their company cars when they are de-fleeted. There is a strong correlation between drivers buying their used cars and asking for additional work to be done to the car at the company's expense just before they buy it. All in all, giving your employees full control of the maintenance of their vehicles is unlikely to be in the best interests of your business.

The key elements of managing maintenance expenditure are:

- pre- and post-event control
- written maintenance policies
- pre-agreed pricing structures
- warranty claims.

Pre-event control

Pre-event control is a management process whereby a qualified,

Vehicle maintenance requirements

authorised person receives a quote for servicing, maintenance or repair work and decides whether or not to accept it.

They need sufficient knowledge to be able to decide whether a piece of work is appropriate and necessary and whether the quote is reasonable.

To make the right decision they need access to the maintenance history of the vehicle.

Whether they accept or reject the quote, the details of this decision have to be recorded.

If they accept the quote they should issue an order number and record this on the maintenance record.

The maintenance record can be quite unsophisticated. In many cases, for a small fleet, it is sufficient to have a file where, for each vehicle, you simply log each event that happens to the car, showing the date, cost and details of the work. For a bigger fleet or where the needs of the business are more sophisticated, fleet software will be useful.

Post-event control

Post-event control involves checking suppliers' invoices against the maintenance record to ensure the work authorised has been correctly billed. If these tally, the invoice can be passed for payment. If they differ it should be returned to the supplier for amendment.

A surprisingly high percentage of invoices received by contract hire companies have to be rejected because they do not reflect the work that was authorised.

Written maintenance policy

A written maintenance policy is a simple set of rules issued to each driver, setting out what he or she should do if work needs to be done to their car. If the car is supplied on contract hire or subject to a fleet management arrangement the supplier will include this information in the driver handbook they supply with the car.

In the absence of such an arrangement you can produce a similar document and issue it with the car.

Vehicle maintenance requirements

Pre-agreed pricing

Pre-agreed pricing can considerably reduce service, maintenance and repair costs. Discounts are there to be had in many areas of SMR but these should be pre-agreed to maximise the discount you obtain. Some servicing items, particularly those supplied by fast-fits, are offered at an all-in list price (a 'menu' price). Otherwise the price you agree will normally be a flat discount off a published menu price.

Other items, such as repair work, are quoted on a 'parts plus labour' basis. Here the price will comprise three elements; the list price of the part, the hourly labour rate and the time to do the job. It should go without saying but you may get a great discount off the parts list price and the labour rate but unless you know how long a piece of work should take you are not controlling your costs effectively.

One valuable aspect of having a pre-agreed deal with a dealer is that you may be able to obtain the use of courtesy cars when your cars are being serviced.

Warranty claims

Manufacturing processes are now much better than in the past and a visit to a car factory is worthwhile if you want to see an object lesson in accuracy and quality. There are very few 'Monday morning' or 'Friday afternoon' cars nowadays – cars that always seem to be having problems.

It is not unusual to enjoy many years of motoring with a new car without any major problem arising. From time to time, however, components will fail and you will need to claim on the warranty.

Outsourcing maintenance

One way to avoid almost every aspect of maintenance control is to obtain your vehicles on maintenance-inclusive contract hire or use a fleet management company. They employ teams of qualified maintenance controllers to carry out pre- and post-event control. These are generally time-served motor engineers who once worked at motor dealerships carrying out the repair work they are now authorising.

The supplier will remind you when a service or MoT is due or overdue.

Having negotiated pre-agreed pricing with the suppliers they know how

ARTICLE 33

Vehicle maintenance requirements

long each piece of work should take and can minimise the hassle of maintaining your vehicles. Competition in this market being stiff, all of the benefits are passed back to you in a competitive rental.

You only pay extra for unauthorised work or items that are not covered by the contract. For example, the cost of kerbed tyres and wheels, damaged mirrors and broken aerials.

Most contract hire companies will carry out only essential safety-related work in the last few months of the contract. This is good fleet management practice for all fleets; otherwise you are wasting money.