



Editorial: Skygistics (PTY) LTD

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FLEET MANAGEMENT BEATS REPLACEMENT

FLEET managers face greater management scrutiny, extended decision cycles and heavily restricted budgets. Caught between a rock and a hard place, many companies are delaying the renewal of their fleets.

“Over the last 18 to 24 months we have seen fewer replacements in many of our customers’ fleets,” said Graham Eagle, sales and marketing director at Honda South Africa.

“And, if the vehicles are providing good service, this makes sense. It may be more difficult for us as manufacturers, but fleet managers have needed to make such decisions — even the rental car companies. Extended life cycles have been driven by rising purchase costs and holding costs staying roughly the same.

“For larger car fleets, financing has not been much of an issue ... (that) market is still quite healthy. However, I expect many smaller companies with smaller fleets to be struggling,” he added.

“With a fleet, service is absolutely critical because they are work vehicles. Managers want all the hassle taken care of, to keep the vehicles productive. Backup vehicles and other services are important for efficiency. In three years we have become important to the market because customers seek good value with no hassles and high reliability.

Ken Bailey, operations director at Compass Fleet Management, said: “Transporters’ customers are reluctant to get into contracts because of economic uncertainty. The impact is that there are fewer truck renewals — people are keeping old equipment and incurring greater running costs. This is especially the case in the sugar and timber industries. Transporters are experiencing financing problems.”

Andre Naude, sales and marketing manager for Skygistics agreed. “Many transporters would now be forced to buy new vehicles outright because finance is unaffordable, but they have no capital to spend,” he said.

The high turnover of drivers in South Africa is also causing headaches for fleet managers, said Bailey. “We use the best available products and trucks in South Africa, but the quality of drivers and their training is a concern.

“Many older, experienced drivers have gone now, and long contracts have disappeared — new drivers are sometimes handling very long routes. The Seta (Sector Education and Training programme) is now running programmes to provide a year’s training to drivers.”

Outsourcing the fleet management function to a specialist, bureau-type agency is the way to go, according to Bailey.

“The key in this situation is to keep interaction levels high. We cannot help our clients at arm’s length — the real benefits of outsourcing this function come from benchmarking and a depth of experience with transporters, which only a specialist agency can provide. We can advise on the best routes, types of vehicle, and ways to control assets and drivers,” he said.

Mike Cox, general manager of Tramigo agreed. “It is a matter of fixed versus variable cost. With outsourcing, all your maintenance and safety issues are taken care of by a third party, but then you have to be certain that they are adding value and attend to problems quickly. In-house action can often be more immediate. It comes down to the efficiency of your fleet management service provider,” he said.

Naude added: “The transporter can adjust his expenses accordingly, paying only for what he uses in the way of fleet management services. Having your own control room can be a burdensome expense.”

By: Brendan peacock
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