

Fleet Case Study: Clear Channel

Provided by Professor Colin Tourick for www.drivelpg.co.uk

Advertising company Clear Channel's association with the Energy Savings Trust (EST) has helped shape its vehicle policies.

In 2001, the company began a review of its fleet operations with a simple brief:

- Introduce the cleanest vehicles possible
- Reduce annual mileages
- Do both without increasing costs

At the time, Clear Channel's fleet was travelling 14 million miles per annum, producing an estimated 4,990 tonnes of CO₂ yearly and emitting large quantities of nitrous oxide and particulates.

Review action summary:

- Switch LCV fleet to LPG; all vehicles to be 100% Congestion Charging discounted.
- Bunker LPG at as many of its operational sites as possible.
- Offer an LPG option to all car drivers.
- Introduce route planning for all LCVs and sales executives where possible.
- Company car choice lists to show BIK impact and mpg figures.
- All HGVs to be Euro IV diesel, or retro-fitted to reach at least that standard.
- Introduce motorcycles into London, with a view to implementing them nationally.

The company calculated that 10,000 annual miles was the average cut-off to ensure that LPG was cost-effective versus diesel. It would also save money by being exempt of the congestion charge.

LPG is 15%-20% less efficient than petrol, but costs around half the price. However, the savings rely on the maximum percentage of gas being used as possible on every journey, not simply using LPG as a means of increasing range. Clear Channel found that each bi-fuel vehicle needed to use at least 75% LPG to ensure it cost less than diesel to run. It introduced a minimum quarterly target for each vehicle and produced a monthly report to highlight the results.

A bonus scheme was set up to reward team leaders whose operatives hit their target. The company also supplied LPG maps listing all the known LPG fuel stations nationwide, with opening times, telephone numbers and other facility information. Once 75% LPG usage had become the norm, the company raised the minimum to 80%.

It plans to increase this still further where appropriate, some vans are already consistently attaining more than 95%.

Even with the fuel savings from running on LPG, there were concerns that the bi-fuel vehicles would be more expensive to purchase and run. Clear Channel expected residual values to be much lower than the equivalent diesel vehicles. But if residuals were better at resale than anticipated, the lease companies would take the double

benefit of the higher rental payments through the term of the lease, and the profit at resale.

“We set about negotiating a lease that would allow us to benefit from any increase in residual values over the then pessimistic predictions,” says Clear Channel fleet manager Glenn Ewen.

“We needed the ability to budget, so wanted a lease provider to guarantee residuals, but in return for allowing them to write them down hard, we would take any profits at resale.”

Ewen adds: “We have spent the last seven years reducing our total vehicle mileage by 4.75 million miles per annum, our CO₂ by 1,760 tonnes per year and saving £200,000 per annum on fuel costs and London Congestion Charges.”

* This case study has been taken from the new book by Professor Colin Tourick “Managing your company cars” expert opinion. It is available priced £60 from Amazon or via www.tourick.com where it is also available as an eBook, priced £60+VAT.

The Company

Name: Company Clear Channel

Main Line of business: Business outdoor advertising company

Fleet Manager: Glenn Ewen

Vehicle Fleet: Fleet 370 light commercial vehicles, 340 of which are bi-fuel, running on LPG and petrol; 160 cars, 75% of them business use and the remainder perk. Of those, 29 are Honda Civic hybrids and six are Vauxhall Astra LPG; three heavy goods vehicles (HGVs) and three motorcycles.