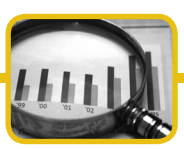
PHH Case Study



The Challenge:

Company ABC operates a retail and commercial equipment sales fleet. A new client to PHH, ABC was looking for dramatic change in its fleet, both in terms of cost as well as productivity. The fleet manager wanted PHH's analysis and recommendations to improve the fleet's performance.

PHH consulting enhances fleet performance

The Solution:

PHH's Strategic Consulting group conducted the following analysis:

1. Received 12-month data feed from former fleet management supplier
2. Conducted interviews and field site visits
3. Reviewed current fleet policy

PHH's analysis revealed:

1. ABC Company's fleet policy was excessively driver-friendly. It had a very lax policy when it came to selling used vehicles, essentially allowing drivers to sell their own vehicles to family or friends, as long as they received the minimum market wholesale value. The only problem was the vehicles were worth much more than this, essentially being sold at retail through a private transaction.
2. The selector was far too open and subject to high degrees of customization.
3. This same company was operating cargo vans for its equipment sales reps. PHH's consulting team met with teams of drivers to understand how they used their vehicles in practice. The result was that drivers were frequently developing back problems from lifting heavy tools and equipment from the cargo van to the job site. Furthermore, the vans they were operating had uncomfortable seats, exacerbating the situation.

Results:

PHH helped the company revise its used vehicle sales policy to increase revenue from sales of the vehicles at the end of their lifecycles.

PHH also developed a pick-up truck and service body combination that gave drivers better ergonomics, better seating, better resale value when it came time to dispose of the vehicle, and lower life cycle costs.

But the biggest savings came through an unintended consequence: The excess capacity in the old cargo vans allowed the reps to carry large amounts of product. When the company changed vehicles according to PHH's recommendations, the sales people carried less product, and the company saw its inventory carrying cost across the company drop by a third.

Annual savings:

- **$350,000 annually from vehicle changes**
- **$250,000 in reduced inventory carrying costs**
- **$50,000 annually from used vehicle sales enhancements**
- **Hundreds of thousands of dollars in avoidance of workman's comp claims on the vehicle ergonomic changes leading to dramatic productivity enhancements**

For more information, please visit us at www.phharval.com or call 800 ONLY PHH.

The **art** and **science** of fleet management℠

PHH