

Fleet Leasing

Who to call when the work car prangs

CLIFF TAYLOR

For companies maintaining fleets of cars, vans or trucks, covering hundreds of thousands of kilometres a year, it is not a question of if an accident will happen, but when.

And the cost can be significant.

It has been estimated that the in-house administration involved in sorting out company vehicle accidents, disruption to drivers, replacement vehicles, lost productivity and possible increases in insurance premiums can add up to as much as the cost of repairs themselves.

Taking over those onerous tasks presented an obvious niche in the fleet management market, one that was filled by start-up Crash Brokers in 2004.

The company offers a round-the-clock service to its clients – including several vehicle leasing firms – co-ordinating repairs and associated logistics, with free pick up and delivery and replacement vehicles.

It was started by director Karen Knight, a former national fleet manager for Esanda Fleet Partners, who says her 20 years' experience in the panelbeating business gave her the idea for Crash Brokers.

Knight's business model is similar to that of a mortgage broker, as Crash



Road woes: The accident rate for company vehicles is estimated at 20 to 30 per cent a year.

Brokers makes its money from commissions on referrals to repair shops.

Knight is something of an entrepreneurial soul, having set up her first repair business in south Auckland when she was just 22 years old, and she later went on to gain a graduate diploma in business administration and an MBA.

"The accident rate for company vehicles is estimated at between 20 per cent and 30 per cent," says Knight.

"Some drivers or industry sectors are thought to be as high as 50 per cent. That means every vehicle will

have a collision every five years, every three years, or perhaps as little as every second year. Accident management therefore is a significant issue for any fleets, whether large or small."

The gap in the market was obvious, says Knight:

"It is time-consuming and frustrating, and results in substantial inefficiencies, with variable results. Managing accidents and repairs is non-core business for most companies, so it's an obvious candidate for out-sourcing."

The company provides a service to vehicle leasing companies, including

Driveline, Lease Car, Lease Direct, SG Fleet and FleetPlus. It also works direct with organisations – including local government, corporates, and the not-for-profit sector – and private motorists. It also has preferred supplier arrangements with the Auckland District Law Society, the Institute of Chartered Accountants and the Real Estate Institute.

When a company car gets pranged, the thing every manager wants to know is when the car is going to be back on the road. Knight says her company aims to minimise any delays by facilitating communications between every party along the chain,

including tow-truck companies, repairers, assessors and insurance brokers.

"This is supported by a state of the art web-based job management programme that forms the heart of our operation and serves as a centralised communication tool that all stakeholders can log into to view and update information, target completion dates, etc. We use this system to track and report on every case every day. It ensures clarity, provides a paper trail and holds us very accountable."

Knight says the company has grown steadily in its first five years and points out that accidents are a "relatively recession-proof phenomenon". However, she confirms there has been "pain" in the leasing sector and speculation that there will be casualties.

The company's fastest growing source of business in recent years has been the insurance broker sector, although it has also come up against "resistance" from some people within some insurance companies.

"Crash Brokers is certainly no threat to insurers and we certainly don't present a conflict or duplication," says Knight.

She says there was a similar response from banks when the mortgage broker industry grew substantially.

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