WHEELS PROVIDES FLEETS WITH REIMBURSEMENT OPTION

Many fleets may need both a leasing and reimbursement solution. But, deciding what program fits what segment of your fleet may seem challenging. Wheels has a solution.

BY LAUREN FLETCHER

For years, the industry has thought that the decision has always been lease versus reimbursement. Many fleets have found they have a need for both leasing and reimbursement program options in their fleet operations.

Now, Wheels Inc. offers a program for fleets that have decided that a one-size-fits-all approach doesn’t work and are looking for a solution that offers the care, control, and confidence their leasing program provides.

“With the Wheels Reimbursement Program, you can bring parity to your lease and reimbursement fleets. Our clients can now apply the same level of control and care they’ve come to expect from Wheels to their entire mobile workforce, not just to their lease program,” said Kip Fournier, director of Reimbursement Solutions for Wheels Inc.

According to Wheels, fleets that are using a combination of lease and reimbursement do so for a variety of reasons.

“There are many qualitative factors that determine whether lease or reimbursement is right for each driver. But, when both programs are run with the same goals in mind — for example, cost controls, safety, and brand image — the decision as to which program works best often comes down to number of miles the employee drives in a year,” K. Fournier said. “Generally, a lease will serve the employee that drives higher miles per year. On the other hand, a reimbursement program would be better suited for those drivers who don’t drive high miles per year.”

Making the Decision

When making the decision to add a reimbursement program to fleet operations, several factors should be considered, such as:

- What kind of controls (safety, maintenance, etc.) will you have over the reimbursed fleet?
- How many miles per year will the average reimbursed driver be driving?
- How will this affect your company image?
- How will it impact driver satisfaction? Are your drivers used to driving a certain make or model of a car and changing this would hurt your ability to find and retain your sales or service personnel?

“The best piece of advice we could give is to understand what your corporate goals are from a fleet perspective so you can decide if change is necessary. In many cases, lease and reimbursement programs work best when they are run side-by-side. Once you understand how your fleet goals need to align with your corporate goals, looking at a reimbursement program is much easier,” K. Fournier said.

Once you have aligned your goals, be sure the reimbursement plan you choose will satisfy them.

“If cost is your only goal, then simply pay the driver zero and tell them to claim the miles on their personal income taxes. But, will this help you hire and retain the best sales and service personnel? Remember, cost may be a big factor but it shouldn’t just be a financial decision,” he said.

Handling Concerns

One valid concern fleet managers have in regards to reimbursement revolves around proper reporting of vehicle mileage.

“Most of the traditional reimbursement plans do not have any level of controls,” K. Fournier said.

Some concerns include:
Members of the Wheels Reimbursement team, Kip Fournier, director of Reimbursement Solutions; David Glines, manager of Product Innovation; Brian Chau, senior director of Product Innovation; and Jessica Drake, Reimbursement Operations leader, collaborate on new processes.

- If running a flat cents-per-mile program, you may not know if vehicles are being properly maintained.
- If you are on an allowance program, your drivers are required to maintain IRS compliance mileage logs; otherwise, this becomes taxable income.
- For a Fixed & Variable Rate (FAVR) program, often times drivers may be paid even when they are not driving for business. This can increase the cost of this already complex program.

These are just some of the control issues that all of the traditional reimbursement programs have.

“When developing our reimbursement program, we wanted to be sure it included high levels of control at every step. From eyes-on validation that insurance is up to date, to full visibility that reimbursed drivers are getting their maintenance complete,” said Brian Chau, senior director of Product Innovation for Wheels.

An unsupervised reimbursement program is an invitation to abuse.

“We also wanted to design a highly compliant and easy-to-administer program. Wheels’ pay-as-you-go system pays drivers for when they actually drive on business, regularly capturing odometer readings, and automatically flagging outliers,” Chau said.

Additionally, mileage accuracy is often the fleet manager’s No. 1 concern when it comes to reimbursement.

“In a recent study we performed for a client with more than 7,000 drivers on reimbursement, an excess of 60 percent of them reported the same amount of miles per month. Do you know anyone who drives exactly 900 miles in a month, every month?” K. Fournier asked. “Since maintenance services are included for qualifying vehicles in our reimbursement program, we capture odometer readings during every repair service, whether it’s preventive or unscheduled.”

One of Wheels’ primary goals, as with any fleet program, is to keep vehicles and their drivers safe and on the road. Offering a managed maintenance program as a standard part of its reimbursement program, helps to ensure that happens.

“A reimbursed driver’s No. 1 concern is completing both preventive and unscheduled maintenance. With traditional reimbursement programs, maintenance is paid out of pocket by the driver. Our program eliminates that need,” K. Fournier said. “With the Wheels program, reimbursed drivers have access to the same maintenance benefits as a lease program: an approved nationwide network of more than 34,000 repair facilities, maintenance experts who handle repair directly with vendor and vehicle recall support.”

Wheels now brings its 76 years of experience of working with fleet to those managers who have a stake in reimbursement.

“All of our programs and services are designed to be as hands-on or hands-off as a client likes. The Wheels reimbursement program is no different. Want to see all of your reimbursement fleet’s data every day? Set up your dashboard to do just that. Do you like to manage by exceptions? We’ll deliver the reports you need to see who is in compliance and who is not.” K. Fournier said. “We also provide a detailed analysis of your reimbursement fleet during your regular performance reviews.”

Smith & Nephew AWM Makes Changes

Similar to all lease-based fleets, Smith & Nephew Advanced Wound Management (AWM) was challenged to spend its dollars wisely, as well as serve its employees to the best of its abilities. “We found our measures to control costs (single automobile manufacturer, more fuel-efficient vehicles, reduction in the number of SUVs, and maximizing resale value) led to a situation where the company offered vehicles that did not always meet the personal needs of our employees, although it met the business need. We have found offering a reimbursement option with payouts indexed to our costs for company vehicles has provided a great option for those employees who desire a different vehicle than we offer,” said Robb Wagner, senior manager of Sales Operations for Smith & Nephew AWM.

Smith & Nephew’s AWM business focuses on the development and marketing of products for the treatment of acute and chronic wounds, including leg, diabetic and pressure ulcers, burns and post-operative wounds. In the U.S., it has a leased vehicle fleet of approximately 500 vehicles and about 100 employees currently participate in the reimbursement plan.

“We allow employees to transition between plans during annual enrollment for reimbursement or at the end of vehicle life for leased vehicles,” explained Erika Romada, fleet coordinator of Fleet Operations for Smith & Nephew AWM.

All drivers in the Smith & Nephew AWM fleet, whether they are in leased vehicles or on reimbursement, work remotely and operate in all types of sales territories. “Most of our sales activity takes place at hospitals, outpatient clinics and physician offices. Our representatives carry sales literature and samples in their vehicles,” Romada said.

The largest benefit Smith & Nephew has seen utilizing the Wheels reimbursement plan is the control it provides over important aspects of the company fleet.

“For example, with the program we have ability to offer scheduled (e.g., oil changes or tire replacement) and unscheduled (e.g., engine repair) maintenance as needed for our reimbursement drivers. This repair and maintenance helps assure that our employees conduct company business in safe vehicles. Wheels additionally ensures all our drivers are meeting required insurance coverage and provides a mechanism for us to examine our program for fraudulent reporting of mileage,” Romada said.

Finally, Wagner cautioned against looking at a one-size-fits-all-fleets program, when more flexible programs are available. “We see flexible, employee-focused programs as an aid in employee recruitment, retention and overall satisfaction,” Wagner said.