

# Mercury Associates Case Study

## Mercury Helps Manufacturer Streamline Fleet Operations and Save \$1.35M per year

### The Client

Mercury's client is one of the largest manufacturers in the world. Headquartered in Europe, the company has approximately 40,000 employees located on all five continents. The North American operating entity employs over 6,500 people at more than 250 locations and operates a fleet of 2,800 vehicles in the U.S. and about 300 vehicles in Canada. Approximately 80 percent of the U.S. fleet is comprised of trucks and the rest are passenger automobiles. Trucks are replaced between 48 to 60 months-in-service or 80,000 miles. Automobiles are replaced at 36 months-in-service or 75,000 miles. The client was leasing vehicles from several leasing companies and spending \$31.4 million per year for its North American fleet operations.

### The Challenge

Streamline the client's fleet operations, reduce costs, and establish consistent processes and procedures at over 250 locations in the U.S. and Canada.

### The Solution

Mercury Associates evaluated the client's fleet operations, costs, and leasing alternatives, including fleet management policies, procedures, and practices; vehicle specifications, acquisition, replacement, maintenance and remarketing; and management analysis and information systems.

An important area of Mercury's review was analyzing vehicle operations by line organizations—an important area of the review since the manner in which vehicles are operated has a great impact on the overall performance and costs of the fleet and on fleet-related liability exposure. The review covered practices associated with motor vehicle record checks; driver training and risk assessment; and accident procedures. Mercury's services also included the following:

- Defined bidder requirements and standards in key service delivery areas
- Issued a request for proposal (RFP) to qualified fleet management companies
- Conducted pre-bidding meetings
- Established a level field for bidders by designing a bidder price quotation worksheet for each RFP with a cost and service matrix-based methodology for various combinations of services to determine the benefits of bundling services from a single vendor
- Identified key requirements and related hard and soft costs for terminating existing contracts and starting new contracts
- Defined compensation and payment terms for the goods and services, ensuring a fair and accurate comparison of proposals submitted
- Developed an evaluation tool to measure technical specification responses through a scoring methodology based on the level of importance to fleet operations
- Developed a second evaluation tool to measure bidder cost proposals and quantify savings against current baseline fleet operation costs
- Evaluated the proposals submitted to the client
- Ranked all suppliers based on a combination of price and service offerings

## Mercury Associates Case Study: Manufacturing Company

### **The Benefits**

Based on the results of the bids received, the company consolidated its fleet with a sole supplier for leasing, maintenance management, and fuel programs. The successful bidder agreed to provide the necessary full service programs and customer service support.

Dealing with one supplier and a dedicated customer service representative, the company reduced overhead expenses for personnel and eliminated the need to handle many functions in-house, such as mailing fuel cards to drivers. No changes were made to the replacement or maintenance schedules as these were not part of the project.

The company estimates that by implementing Mercury Associates' recommendations and selecting a new vendor, the company saves \$1.35M annually in North America.

### **About Mercury Associates**

Mercury Associates, Inc. is the largest independent fleet management consulting firm in North America. Founded in 2002, Mercury consultants have provided consulting services to more than 500 private and public-sector organizations, including Fortune 500 companies such as ARAMARK, BNSF Railway, Genentech, GlaxoSmithKline, Laidlaw, and Sprint; U.S. federal government agencies including NASA, the General Services Administration, and the departments of Homeland Security, Interior, and State; 33 of the 50 largest cities in the U.S., including the 10 largest, and more than half the states. In 2006, Mercury Associates established an international affiliate program creating a network of partners to assist it in providing fleet management consulting services worldwide. Mercury Associates is a U.S. Department of Defense and U.S. Small Business Administration certified small business enterprise. Headquartered in Gaithersburg, Md., Mercury Associates has consultants located throughout the U.S.

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*Find out how Mercury Associates can help you manage your fleet operations more efficiently. Contact us at (301) 519-0535 or visit us online at [www.mercury-assoc.com](http://www.mercury-assoc.com)*