



# Employee Reimbursement is Counter-Productive to Corporate Green Initiatives

By Mike Antich

Professional fleet management helps the federal government achieve its environmental objective by operating millions of well-maintained, fuel-efficient vehicles. These late-model company-provided vehicles that are on the road today help the government to reduce tailpipe emission levels and conserve gasoline. This observation was recently related to me during a conversation with Greg Corrigan, vice president of marketing and strategic business services for PHH Arval. When you think about it, Greg is absolutely right. Consider the alternative. Without professional fleet management and company-provided vehicles, the alternative would be driver reimbursement with employees, on average, driving older, less well-maintained vehicles or large SUVs with lower fuel economy. Employee-reimbursed vehicles would emit greater emissions and consume more fuel than the alternative company-provided vehicles.

There are other ways that company-provided fleets contribute to emission reductions and conserve fuel. Fleets routinely restrict drivers as to the grade of fuel they can purchase. For instance, the majority of fleets have policies or employ fuel cards that restrict the purchase of premium-grade fuel. Many consumers are misinformed believing their vehicles require premium-grade gasoline to operate effectively. On the contrary, the overwhelming majority of domestically manufactured vehicles are designed to operate at their optimum using unleaded gasoline. For those in doubt, read your owner's manual to see what the vehicle manufacturer recommends. From an environmental perspective, what many people may not realize, added Corrigan, is that the use of premium-grade fuel actually contributes 30 percent more greenhouse emissions than regular unleaded gasoline.

Yet, covered fleets are the ones carrying the burden of complying with government-mandated alternative-fuel legislation. One thing is certain. If the government ever did become overly zealous in extending mandated alternative-fuel purchasing mandates to non-covered corporate fleets, the "get out of jail card" for corporations would be to disband their fleets and transition to employee reimbursement. This would void all government mandates since private individuals are not covered by existing legislation.

The more that environmental groups learn about how well-maintained company-provided vehicles are and how fleets control fuel purchasing habits, the more they realize how very important company-provided vehicles are in helping our nation meet its environmental objectives. In the final analysis, the absence of professional fleet management and company-provided vehicles would be detrimental to the environment of our country.

## New Deloitte & Touche Study Confirms Advantages of Company-Provided Vehicles

Deloitte & Touche has recently completed a study on behalf of the NAFA Foundation that provided a financial comparison of company-provided vehicles versus employee-provided vehicles. The results of the study were presented to the industry for the first time at the NAFA Fleet Management Institute in Philadelphia on May 5, 2003. The study's conclusions were that company-provided vehicles were financially the best option and provided these additional advantages:

- **Control:** A company is able to ensure that vehicles are best-suited for the fleet application.
- **Liability:** Although liability is inherent with any business vehicle, a company-provided program minimizes the liabilities associated with vehicles that may cause an accident due to neglected maintenance.
- **Corporate Image:** A company-provided program gives a corporation control over the image it projects with its vehicles.

The Deloitte & Touche study reinforces what many of us already knew – that company-provided vehicles, in the overwhelming majority of cases, continue to be more cost-effective than employee-provided vehicles.

Let me know what you think.

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