

5 Questions to Ask to Reduce Vehicle Expenses

1. Is it better to lease or own company vehicles?
2. Is there a penalty if a leased vehicle is turned in early?
3. How do you determine the best vehicle selection?
4. How long should a vehicle be kept in service?
5. Is a fuel card that offers a pump discount the best deal?

(answers below)

If you find these questions challenging to answer, you are not alone. Managing company vehicles can be just as challenging because there are many details to stay on top of and expense areas to manage. This results in businesses experiencing higher operating costs than they should. And if your business is like most, the person in charge of the vehicles has many other responsibilities that they need to focus on.

Ewald Fleet Solutions is engaged with many businesses and guides them through questions and situations similar to these questions. Our ongoing involvement reduces vehicle expenses and saves time with managing company vehicles.

We do fleet management for a living so you don't have to.

As a customer of Ewald Fleet Solutions, you are currently enjoying the benefits of these services. If you are not yet a customer of Ewald Fleet Solutions, contact us for a free evaluation to learn how we can save you time and money.

1. Is it better to lease or own a company vehicle?

There is not one correct answer for every situation.

If you run your vehicles into the ground (not best practices), owning is probably the best choice. On the other hand if you prefer to operate a newer fleet of vehicles, implement a life cycle plan to reduce maintenance costs, and not tie up capital in vehicles, [leasing](#) provides an excellent option.

2. Is there a penalty if a leased vehicle is turned in early?

There is no penalty for ending an [open end lease](#) early.

Actually it would be similar as if you owned it. In either situation you should compare the current termination value/book value to current market value to determine how you are positioned.



3. How can you determine which is the best vehicle choice for your business?

Do the research with each new model year.

Many businesses skip this step all together and simply stay with the same model vehicle. The problem with not doing due diligence is that there may be a less expensive or more productive option.

The first step is to list the absolute requirements for the vehicle application. This could include cargo space, leg room, safety features, fuel mileage, maintenance performance, company image guidelines, etc. With this list you are able to match up all the [vehicles that qualify](#) and make a decision based on price and fit. This should be an annual process as models and incentives change.

4. How long should a vehicle be kept in service?

Until the vehicle has reached its [lowest cost of ownership](#).

Every vehicle and specific application will have a unique life cycle. The key is to be tracking maintenance costs through a fully managed maintenance program that provides electronic data capture and provides a robust reporting package. That way operating costs can be factored along with market value performance to trigger cycling opportunities.

5. Is a fuel card that offers a pump discount the best deal?

Generally not.

Cards that provide pump price discounts are often captive oil company or franchise cards. With swings in pump prices of 10 - 15 cents per gallon, you could be paying more than the discount will offset. A [universal fuel card](#) allows your drivers to shop for the lowest fuel price at about 200,000 service stations.