

Pioneer Security Systems Reducing Fuel Costs



Background

Pioneer Security Systems offers a range of security services to owners of 'void' properties. The company operates a fleet of 70 vehicles, mainly LCVs, from nine depots throughout the UK. Their average fuel spend is around £170,000 a year.

Customer and Arval objectives

Pioneer Security Systems' fuel management strategy focused on minimising the price paid for road fuels, and as such, Pioneer began to investigate other purchasing options. These included using bunkered fuel and oil company fuel cards to see whether they might deliver lower prices and improved efficiency over their Arval fuel cards.

In response to this, Arval wanted to demonstrate that its multi-branded fuel card, plus unique and additional tools such as Arval online services, were equally, if not more effective at enabling the company to purchase fuel at the lowest price.

The process Arval used to achieve the objective

Through the use of online reporting, Arval's dedicated Account Manager investigated Pioneer's fuel management strategy, and was able to identify that many drivers were not taking advantage of the lowest-priced fuel sites on the network. These are typically supermarkets, but they also include some oil company sites. Instead, drivers tended to buy at sites where prices were equal to or higher than the national average. Although Pioneer hoped to receive a rebate if it switched all its business to a single oil company brand, Arval was able to demonstrate that a policy of

always directing drivers to the lowest-cost sites, irrespective of brand, would work out cheaper than trying to earn a rebate by sticking to a single higher-priced brand. In addition, the use of single brand fuel cards could mean that drivers may have to drive further to locate a particular brand's forecourt, whereas the Arval fuel card is accepted at 95% of all major UK forecourts.

Findings

Tom Traynor, General Manager of Pioneer Security Systems, was advised by one oil company that his fleet's annual spend of around £170,000 on fuel was substantially below the oil company's qualifying threshold for rebates. With no price advantage and limited network availability compared to Arval, it was decided that there was no advantage to be gained by going down the oil company card route.

It was also decided that using bunkered oil and fuel cards could also severely restrict driver's fuelling choices and they may end up spending additional time, as well as fuel, returning to the depot bunker simply to refill.

Pioneer Security accepted the validity of Arval's proposition and agreed to retain Arval fuel cards which will be used in conjunction with a policy of identifying low-cost sites for drivers to use.

However, there were two steps to making the policy effective:

- an incentive to encourage drivers to refuel at low cost sites
- easy monitoring of purchases and distribution of this information to depot managers.

As an incentive, Pioneer Security Systems now offers a bonus of £50 to the depot that purchases the highest proportion of its fuel from low-cost petrol stations. The bonus is awarded on a monthly basis and is shared among the drivers.

In addition, Arval online services plays an important role in the overall strategy by providing cost free 24/7 access to reports which cover every aspect of fuel expenditure. This tool can help customers to streamline and monitor the implementation of their purchasing policy.

For instance, before Pioneer Security Systems started using Arval's online reporting their Head Office used to go through a printed invoice/report of 300-400 transactions, line by line, as part of its routine fuel purchasing process. However, now Tom Traynor simply exports brand analysis and transaction data quickly and easily from Arval online services each month. From this report, he distributes individual spreadsheets to the local managers to help them manage fuel purchasing at their individual depots. He can also use Arval online services to order card replacements and handle cost centre changes.

Lessons learnt

Rising fuel prices acted as the catalyst for Pioneer Security Systems to review its approach to fuel management even though the company had used Arval fuel cards, with standard invoices and reports, for over a decade.

Pioneer Security Systems initially assumed that the volume rebates offered by oil companies would mean lower overall prices but Arval presented a persuasive argument about the pitfalls of relying on rebates from a relatively small network of outlets.

Following Arval's case for retaining multi-brand cards in order to purchase from low-cost sites such as supermarkets, together with providing the means to monitor the policy (Arval online), Pioneer Security Systems were happy to remain a customer of Arval.

Outcome – what were the results?

As a result of these policy changes, Pioneer Security Systems now regularly exceeds its target of obtaining 90% of fuel from low cost sites and often find themselves achieving 95%.

The average saving on price, compared with oil company sites, is around two pence per litre but can be as much as five pence per litre. Overall, the policy saves Pioneer £2,500 a year, or around 1.5% of its total spending on road fuels.

Pioneer's main use of Arval online in relation to the low-price policy is for downloading the monthly transaction data and Brand Analysis report. Being able to view up-to-date transaction data at any time makes it easy to monitor adherence to the policy and to follow-up queries from depot managers about possible misuse of cards. In fact, avoidance of the policy or security problems are very rare.

Tom Traynor is delighted with the results of the policy recommendations and with Arval online, which he says is easy to use and saves his office considerable time when dealing with fuel purchasing and administration.

The advice and support he has received from the Arval fuel team have built up a very positive attitude towards doing business with Arval and we are delighted to continue the longstanding relationship with Pioneer Security Systems.