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# FLEET INTEREST IN ENVIRONMENTAL Issues **Grows**; Challenges Remain

*PHH Arval conducts an annual environmental survey of public and private sector managers. Eighty percent of the surveyed fleet managers reported a growing interest in fleets' environmental impact at their companies.*

**F**leet management company Arval recently conducted its annual survey of fleet managers on the subject of environmental issues. The following are some of the survey's key results.

## Fleet Interest in Environmental Impact Growing

Eighty percent of surveyed fleet managers reported interest in their

fleets' environmental impact continues to grow at their organizations, up slightly from last year's 77 percent. (See Chart 1.) PHH's experience has shown that for companies concerned about corporate environmental footprints, changes to manufacturing processes can be time-consuming and expensive; however, fleet can be a quick environmental win. Since

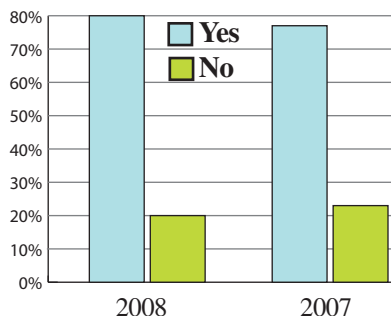
### At a Glance

**R**esults from PHH Arval's annual fleet management environmental issues study include:

Over 30 percent of fleets are finding ways to reduce costs and emissions.

More than 28 percent of respondents measure GHG emissions.

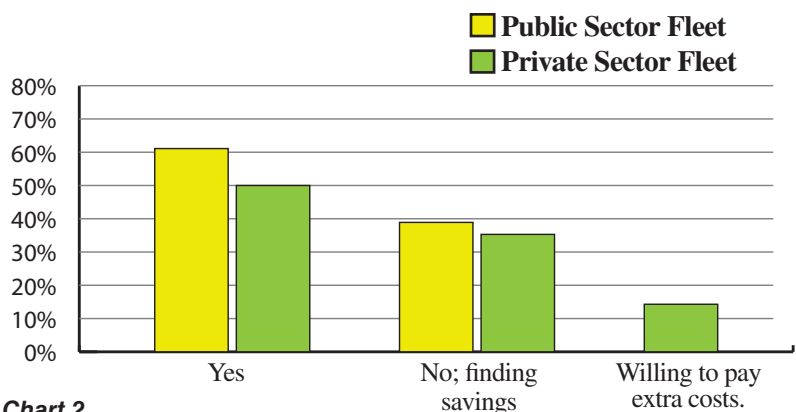
**In the past year, have you been asked about the environmental impact of your fleet?**



**Chart 1**

*Reported interest in fleet's environmental impact grew by more than 3 percentage points in 2008 over 2007.*

**Is cost a barrier to reducing fleet emissions?**



**Chart 2**

*More public sector fleets — 61.1 percent — reported cost was an obstacle to reducing fleet emissions. Slightly more than 14 percent of private sector fleets, however, said they were willing to pay the extra expense for environmental savings.*

### What prevents you from doing more to reduce your fleet's environmental impact?

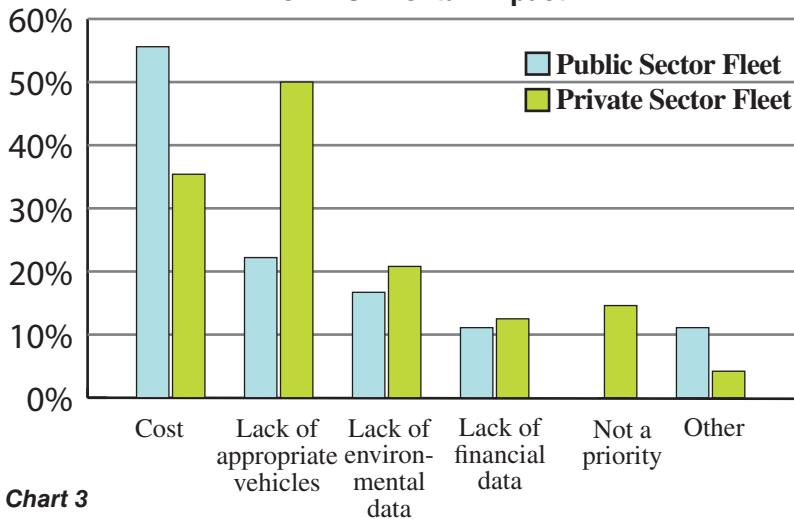


Chart 3

**Public sector fleets reported cost was the greatest obstacle to reducing their environmental impact, while insufficient supply of appropriate vehicle presented private sector fleets' biggest hurdle.**

reduce their environmental impact and save money. Almost 39 percent of public sector fleets and 36 percent of private sector fleets report they are finding ways to reduce costs as they reduce emissions. (See Chart 2.) A small minority of private sector fleets, about 14 percent, are willing to pay extra for environmental savings. With continued economic uncertainty, it is doubtful that organizations will pay a premium for fleet emission reductions. However, as more and more companies demonstrate cost-effective ways to reduce emissions, costs should continue to decline as an obstacle.

When asked about the biggest barrier to taking additional emissions-reducing steps, cost was the top issue for public sector fleets, followed by lack of appropriate vehicles. (See Chart 3). For private sector fleets, lack of appropriate vehicles was the top constraint, followed by cost. Lack of environmental and financial data were issues for a small number of public and private fleets.

Fifteen percent of private sector fleet managers said their fleet's environmental impact is not a priority at their company.

### Is your company measuring GHG emissions from the fleet?

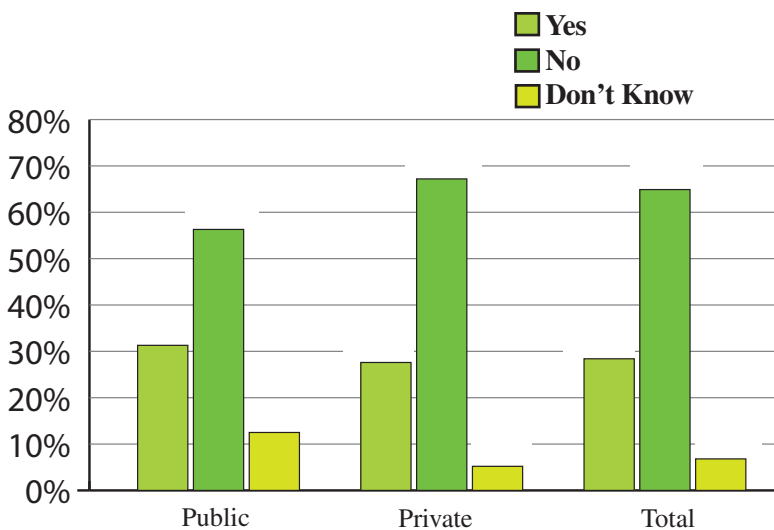


Chart 4

**A majority of public and private sector fleets do not measure their vehicles' greenhouse gas emissions. Slightly more public sector organizations, however, report tallying emissions levels.**

### Few Companies Use Best Practices in Measurement & Goal Setting

Only 28 percent of all survey respondents said they measured their fleet's greenhouse gas (GHG) emissions (See Chart 4). PHH has found that "what gets measured, gets managed." Measuring emissions is critical for companies developing environmentally responsible initiatives. By measuring and benchmarking, a company can be assured of factoring environmental criteria into

most companies replace a percentage of their fleet vehicles each year, they can incorporate environmental factors into their selectors and quickly start to realize environmental benefits from the changes.

According to the survey, only 15 percent of private sector fleet managers said the environmental impact of

their fleets is not a priority at their organization. (See Chart 3.)

### Cost Still an Obstacle for Some Fleets, But Not All

Although a number of fleet managers are still concerned about the cost of implementing an environmental program, many fleets are finding ways to

### What environmental goals has your company set for its fleet?

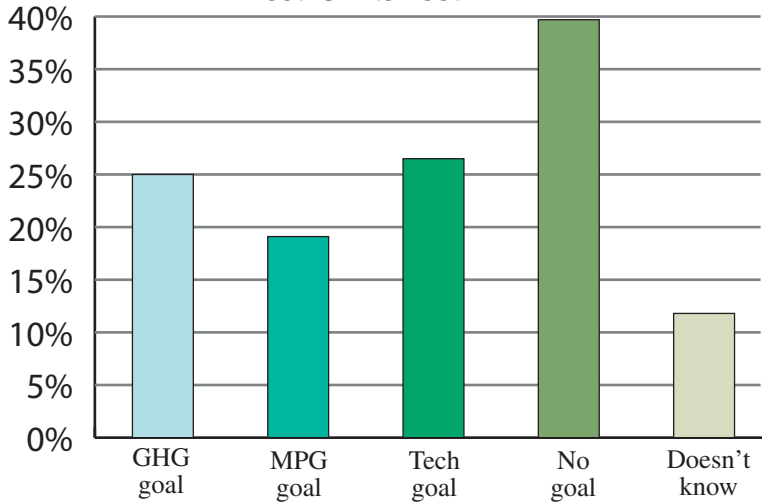


Chart 5

Just 25 percent of survey respondents reported having developed fleet greenhouse gas emissions goals, a key best practice in successful green initiatives.

### How have you educated your drivers about ways they can minimize GHG emissions?

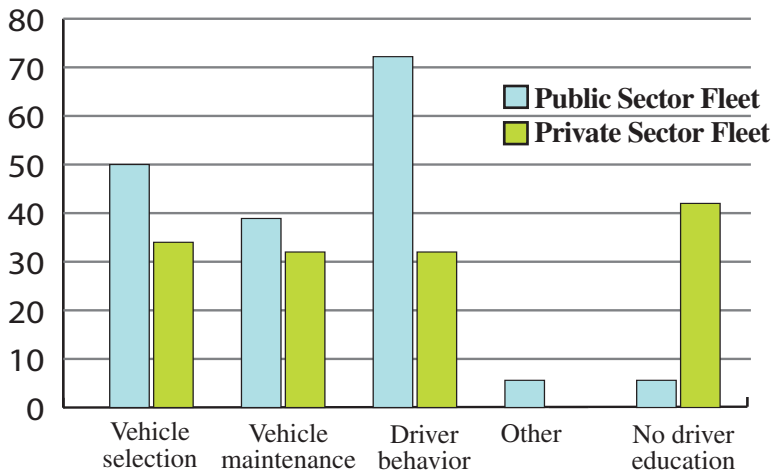


Chart 6

Fleets have educated drivers about how they can impact greenhouse gas emissions through selecting vehicles and maintaining vehicles, and changing their driving behavior.

Measuring emissions is critical for companies developing environmentally responsible initiatives.

fleet decision-making.

When setting goals, absolute GHG reduction goals are the gold standard. A GHG goal allows a company to track improvement in its fleet's fuel efficien-

cy, account for the impact of business changes on emissions, and assess the impact of driver behavior programs. Establishing a GHG goal also permits a company to include fleet emissions in

larger corporate environmental reports. Only 25 percent of survey respondents have GHG goals for their fleets. (See Chart 5). Technology goals, the most common goal cited, do not provide insight into environmental performance. A hybrid or flex-fuel vehicle may have a better — or worse — impact on the environment than the traditional gasoline vehicle it replaces.

### Drivers Educated on Their Environmental Impact

Most fleet managers reported they have started to educate drivers about their impact on the environment. (See Chart 6.) Public sector fleet managers are way ahead of their private sector counterparts in communicating environment-friendly steps to drivers. Currently, 42 percent of all private sector fleet managers do not communicate with drivers about the role they play in fleet emissions.

The most common driver communications target driver behavior, focusing on reducing idling, excessive speeding, and jack rabbit starts — behaviors that significantly impact a vehicle's fuel economy.

For fleets in which drivers choose their vehicles, the selections they make can have the most impact on reducing their individual emissions.

According to Karen Healey, director, product development for PHH Arval, "Green is a very hot topic these days, and more and more organizations are taking steps



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to reduce their carbon footprints. Two keys to successfully greening the fleet are measurement and education, and our survey shows that both of these areas still have plenty of room for growth. Organizations need to have a better understanding of the options available for reducing emissions without increasing costs and communicate with their drivers the importance of vehicle selection and behavior behind the wheel." <sup>AF</sup>