

# Fleet Manager of the Year

## Claus-Peter Krüger takes top award

Shell is not only a household name around the world, but it is also a significant player in the company car fleet sector, so much so that Shell Global Category Lead Car and Car Leasing Claus-Peter Krüger was elected International Fleet Manager of the Year 2008. He opened the doors of his Hamburg office to Fleet Europe.

Tim HARRUP

Royal Dutch Shell plc is a global group of energy, oil, gas and petrochemical companies with a broad portfolio of hydrogen biofuels, wind and solar power interests, which operates in more than 130 countries and territories and employs approximately 112,000 peo-

ple. Shell is not only a household name around the world, but it is also a significant player in the company car fleet sector.

Fuel is, after all, one of the most expensive elements of the TCO. So when the company decided that its own internal fleet policy was worth

its fleet manager presenting before the Fleet Europe jury as a contender for 'Fleet Manager of the Year', there was perhaps an insight into how the 'insiders' do things. And it certainly was worth while – Claus-Peter Krüger walked off with first prize...

**Claus-Peter Krüger (Shell) received the International Fleet Manager of the Year Award from Caroline Thonnon (Fleet Europe), Marcel De Rycker (Mercedes-Benz Cars) and Raphaëlle Jeanneret (Schindler).**



# d for Shell

■ **Can you tell us something about your international fleet strategy?**

**Claus-Peter Krüger:** We have implemented in Shell a Global Strategy for company cars in all countries. The main focus areas are quality, health and Safety for staff and contractors and the environment. Our standardised sourcing processes are to a considerable degree concentrating on these areas, with the remaining factor being price. Even more important is our contract management. We have implemented this and operate it with our key suppliers globally. We concentrate on the same subjects (quality, health, safety, environment) and measure these by KPIs. Global fleet reporting has been established to help us move in this direction. Internal and External engagement is key for the overall success. We engage globally with key manufacturers and leasing companies. Internally our HR, HSSE, Finance, Tax, Treasury and Business Stakeholders are

involved in all processes to guarantee that local circumstances and diversity are covered.

■ **How does this affect actual car choice?**

**C-P. Krüger:** We have developed a car reference model, moving away from predefined cars in the policy. We now tender various cars by band, meeting the defined requirements, and the best TCO by band will define the budget. Base budgets are established according to the outcome of the tender. It is important that

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all cars for tender need to be accepted by the business and the people. The result of the reference car model is that staff have to accept the car tendered unless they decide to go for a car that meets Shell's requirements and has a

lower TCO. In some countries where the 'user chooser model' still needs to be kept, we allow staff to pay differences based on TCO out of their own pocket.

■ **Are you able to tell us about the benefits from your fleet strategy, and how you measure them?**

**C-P. Krüger:** First of all, KPIs are agreed via service level agreements with suppliers. They may vary from country to country depending on local Shell demand. We also hold review and contract manage-

delivered in electronic from within one working day, preferably online. Suppliers will contact at least 30% of drivers after the delivery of their new car to monitor levels of satisfaction. In addition to all this, suppliers will participate in an independent customer satisfaction survey to ensure above average levels of satisfaction in all areas. We monitor savings on international basis, and have a global tracking tool by category in procurement that monitors savings. We track savings or additional costs by project in detail. We also tender cars in detail and ask suppliers to open the calculation by cost element. In this way we not only find out about cost increases and decreases in detail but are also able to compare the same car in different countries including the various cost elements.

■ **How is your fleet team organised?**

**C-P. Krüger:** I am the global Category Lead for Fleet and Car Leasing, supported by

## Further cost savings

“In order to achieve further cost savings, we will implement full service leasing with a closed calculation everywhere (where market conditions allow and there is enough competition). We will include all possible cost elements during the tender – the experiences so far are all positive. We will also implement the reference car model across the globe, and further reduce engine sizes to achieve fuel savings without reducing driver satisfaction. This will be done by using new slightly smaller types of engines when manufacturers introduce them. If there is no default fuel policy in a given country, we will ask for tenders for all cars with both diesel and petrol engines according to different mileage levels. We will repeat defensive driver training to reduce fuel and maintenance costs and implement driver awareness of the correct tyre pressures with the large fuel saving potential this brings.”

## Some facts and figures

- TOTAL FLEET WORLDWIDE : 15,000
- TOTAL FLEET EUROPE: 5,400
- TOTAL RESPONSIBILITY: 15,000
- MAIN FINANCIAL MODEL:  
Closed calculation full service leasing
- AVERAGE MILEAGE: 25,000 km
- GLOBAL ANNUAL MILEAGE: 375 million km
- LEASING COMPANIES: >10
- MANUFACTURERS: >10



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3 category-focused resources in Asia, Europe and the Americas. In addition to this there are local resources in the different countries. All projects are instigated at a local level, and we use standardised project forms for all projects in this category. The ownership of the car policy for job-allocated and executive cars lies with HR in most of the countries that Shell operates in (there are exceptions in Americas where there is no HR involvement but there is a business impact). For utility and pool cars the ownership lies with the business, because this is related to the requirement of the car only. We always begin by starting a process of engagement with all key stakeholders to make sure they understand our global strategy and processes. Local HR policies might have to be discussed in detail to ensure that they are not in conflict with our global strategy. Business stakeholders are also involved in the process, along with the legal, tax and treasury departments, to make sure that all requirements are met and that there is a common buy-in and a common

understanding of why we are doing what we are doing. When all the different views are aligned we then obtain approval for the project strategy for all projects with a total contract value of above 1million US\$ from the Global Contract Board.

■ **Can you tell us how your international fleet strategy has developed?**

**C-P. Krüger:** It really all started in 2004, when we began to look at the procurement task in Europe including services, and set up our first European projects. We began to look at fleet in Europe for our Downstream business (man-

ufacturing, refinery, distribution and supply of products, retail business, lubricants, fuel, LPG etc), and started to work on European discount agreements and European back end agreements with manufacturers. Then in 2005 we moved to

a global procurement position for all service categories in our downstream business, and integrated fleet as a service category in my portfolio. That meant that the following year we were able to move to a global procurement position for travel including fleet and facility management for all Shell businesses. We then implemented TCO calculations in all new tenders and in policies.

■ **What was the original system like?**

**C-P. Krüger:** We discovered that local car policies were different and were largely established by HR at a local level

with no specific fleet expertise being involved. Benchmarking was only being carried out by HR, and there was no cross European reporting system.

■ **What about the financial models you have selected**

**and the reasoning behind this?**

**C-P. Krüger:** We have defined car leasing as our default solution. The preferred solution is full service leasing in a closed calculation. Included in this are the various fleet management components. All components are made transparent in the tender process, including discounts, residual values, interest elements, profit margins, SMR (service, maintenance and repair, tyres, fuel consumption, insurances, taxes, fleet management fees).

■ **Do you have pan-European agreements with your fleet partners?**

**C-P. Krüger:** We have a global cooperation agreement in place with one of our leasing and fleet management suppliers, working with a number of drivers globally. This also provides us with access to more market intelligence information. We have implemented regular regional and global contract management meetings with leasing companies with which we work in two or more countries. It is not our intention to move to a position whereby we work with one supplier only by region or continent at the moment. On top of these agreements we have some European and global discount agreements with OEM's in place and back end agreements with certain OEM's where it makes sense.

■ **Was there an implementation policy and did you meet any resistance?**

**C-P. Krüger:** In 2005 we organised a first car tender in 4 CEE countries with aligned car policies for Poland, the Czech Republic, Hungary and Slovakia. We started working on the alignment of European car policies and looking at TCO. We then began to aban-

**“ We constantly challenge existing safety standards and make sure that these are updated if new technology supports safer driving.”**



don fixed leasing durations: we tender cars according to different mileage levels or find the best leasing duration based on the fleet profile by country or region (all based on TCO). The biggest challenge we faced in the past were the discussions with local HR. Only in relatively small organisations was convincing them to change existing policies an easy exercise. To overcome this situation we worked in 2 ways. Firstly, alignment with Global HR on key milestones, including internal communication within the HR network. Secondly, we obtained detailed engagement from HR by country, with the preparation of standard slide-packs and an explanation of the role of drivers in the car lease calculation build up.

■ **How do you organise and carry out tenders?**

**C-P. Krüger:** We start by engaging with all key stakeholders. We first use standardised and structured strategy documents by project and gain approval for the strategy from the Global Contract Board. Then we send out an RFI as a first step so that we can quickly move from long supplier lists to a short-list. To do this we use standardised templates. Results are scored and only those suppliers who pass 'KnockOut Criteria' and score above an acceptable level will stay in the process. Following this we send out an RFP (non price) to check the commercial and business functional criteria in detail. A further refining process ensues. Then comes the pricing process and endorsement of our selections from the Global Contract Board once again.

■ **How do safety and the environment fit into your policy?**

**C-P. Krüger:** Where safety is concerned, the HSE questionnaire is included in the RFI processes to ensure that a potential supplier has a safety culture which fits in with our own. We also ensure that the road safety standards and driving standards in Shell are implemented in all Shell fleets globally, and we highlight any concerns regarding non-compliance so that action can be taken. We constantly challenge existing standards and make sure that these are updated if new technology supports safer driving. We have implemented defensive driver training for all drivers, and on top of this we include OEM'S in discussions about missing safety features in some regions, for example ABS where there appears to be no possibility to include it in the specification. Where the environment is concerned, we have implemented CO<sub>2</sub> reporting by country in Europe in the second quarter of 2008 and this will be onstream in the rest of the world by the end of 2009. We are highlighting carbon footprints by country and moving the Shell fleet in Europe towards 130 g/km over the coming years. We discuss all these issues with key business stakeholder and include HR in these discussions because the expectations of people might be different. Finally, we include Shell fleet targets in our engagements with OEM's.

■ **How important is it for your company to take part in a competition like the Fleet Europe Awards?**

**C-P. Krüger:** It is a great honour for our company to receive two awards\* at this important event. It gives a good indication of where we are in comparison with others. We have shared the information internally, VPs have been informed

**Who is Claus-Peter Krüger?**



Claus-Peter Krüger is the Global Category Lead for Fleet & Car Leasing (Global Fleet Manager) in the Global Shell Service Organisation Global Function Sourcing. He first joined Shell in 1980. He has a broad experience in procurement, finance and project management positions. His current responsibilities are to develop and implement a global strategy for the Shell Fleet. This includes procurement, policy work with HR and Health, Safety and environmental specialists on global and local level, engagement with internal (business functions, budget holders) and external stakeholder (leasing companies, manufacturers) and contract management at regional and global levels. Claus-Peter Krüger lives in Hamburg, Germany.

and we will also publish the fact via our intranet. It will also be a motivation for our company and our colleagues for the future. And I wish to share the success and thank all parties globally for their contribution and the helpful discussions we have had which enabled us to achieve this award.

■ **How did you find the Forum and the networking opportunities?**

**C-P. Krüger:** Well I would just sum it up as great and well structured! I will definitely be taking part next year.

■ **Finally, what are the next moves in your fleet management policy?**

**C-P. Krüger:** There is a workshop on road safety early in November this year to work

on updates for our Global Road Safety Programme and also to include real issues in the manual and to establish a 'question/answer platform'. We had a 'steering committee fleet' meeting recently which agreed to establish a global CO<sub>2</sub> target for the entire fleet including timelines for implementation. This timeline may vary from region to region, with Europe being tighter than elsewhere. We will cover training aspects including driver safety training and ecological driving and will define fresher requirements for all drivers. Some of these items will be included in a direct driver communication with all Shell drivers scheduled for early 2009.

*\*Editor's note : International Fleet Manager of the Year and International Fleet Prize for Safety*