

# Bray promises 'at least five more years' as FSG merges with US giant

Why latest Hall of Fame inductee prefers 'West Country handshake' to a contract

By Stephen Briers

It's 4pm, the afternoon before the FN50 dinner, in a poorly-lit Park Plaza hotel bar in London. Fleet Support Group chairman Geoffrey Bray is a few minutes late after a client meeting over-ran. Hurrying into the room, he orders a club sandwich – "I've not had chance for lunch yet" – and we find a seat. We're here to write a profile of FSG, which is celebrating

**775,000**

Number of vehicles ARI has under management in North America alone

its 25th anniversary, but also, unbeknown to Bray, commemorate his entry later that evening into the *Fleet News* Hall of Fame.

"I have to tell you something, but it's confidential for now," he starts, excitedly. "We're about to merge with an American fleet management company."

That off-the-cuff comment sets the tone for the rest of the interview.

## A global business

The company in question is Automotive Resources International (ARI), a global fleet management business with 775,000 vehicles under management in North America alone. Operations in Canada, Mexico, South Africa and Australia and alliances in India and China add another million vehicles. FSG will be its route into Europe.

The deal isn't official until December 16, but *Fleet News* has special permission to publish the story a day early.

"We have had offers in the past but we've not been interested," says Bray. "What's different this time is the synergies: they are a family-owned business like us and we replicate each other's businesses."

Although the Bray family will be selling its shares to ARI, this is very much a partnership. FSG's award-winning RiskMaster programme will be adopted as ARI's global offering to fleets with the company investing further in the software at its 180-employee IT centre.

Bray describes it as having "20 times the resource to deliver the services we do now".

He adds: "ARI say they are five years behind in the USA – they see us as the leader. RiskMaster will be their world-wide brand and it will be run from the UK. All FSG staff and management still stay in their current positions."

FSG's Chippenham office in Wiltshire will become ARI's European headquarters. As for Bray, who turns 70 next year, he is committed to his current role "for a minimum of five years".

## Quality, customer service and trust

The business he established a quarter of a century ago has built an enviable reputation for quality, customer service and, above all, trust.

Bray still prefers to do business without a contract – 80% of customers do not have a formal agreement. "The old West Country handshake still exists," he quips.

The approach clearly works; FSG is now one of the UK's biggest independents with around 55,000 vehicles under management. And its very first customer, Dun and Bradstreet, remains a client today.

It's a far cry from Bray's beginnings working in a tractor dealership as an agricultural engineer, although the education he gained then has stayed with him.

## Grey fleet – a black and white issue

Geoffrey Bray is incredulous: why, he asks, does grey fleet exist?

At a recent *Fleet News* roundtable he sparked heated debate among the public sector organisations present which did not have a policy to stop employees using their own car for business. For him the issue is, ahem, black and white.

"There shouldn't be any grey fleet at all," he says. "You either need a vehicle to operate your business or you don't."

"It's a great concern to say 'you don't need a vehicle, but I will pay you to use your own'. You should have to either use a demonstrator or rent a car."

Bray believes companies need to look more closely at the drain to their bottom line of paying staff AMAP rates to use their own cars for business.

AMAPs are, he believes, a way for staff to boost their monthly income.

"Create an internal rental platform so you don't have the fixed cost," he advises. "Then you are in control."

He adds: "Companies say 'we have always done it this way' and they are afraid to upset employees. But there has never been a better time to do it because people want to keep their jobs – that's the most important thing."

Bray's one concession to grey fleet is where a programme has been built as a way to enhance salaries, such as in health trusts.

"This is a different animal," he says. "In this case, you have to come at it in a different way, looking at how you can better reimburse staff. It has to be managed from the top."



Companies should take a closer look at the grey fleet drain on their profits



**"A weak approach to fleet management will cost the business a lot of money"**

Geoffrey Bray

"I learned that service sells tractors; it's all about the aftersales support," he says.

Bray set up FSG with the idea of creating a fixed price servicing chain of independent workshops.

"The concept was to have a 24/7 phone number answered by a human; to have cars collected by suppliers that we controlled; and for us to invoice the customer and pay the garage," he says.

## Absolute convenience on servicing

"Having a car serviced was a pain and I wanted to make it hassle-free. It's about absolute convenience – we collect the car, do the work and return it. And we do it at a lower cost because we are using independents and a fixed price."

"It was a simple process but it revolutionised the way the servicing industry worked."

FSG's Masterserve network now numbers 500, although 130 carry out the bulk of the repair volume. Each is audited and graded, according to their ability, technician competence and investment.

Early on, Bray recognised that he would need a way to remotely manage the repair authorisation process. The solution was MasterView, a video link back to head office.

Originally intended as an authorisation tool, MasterView also helps companies to better manage their drivers by providing them with images showing the state of the cars when they come in for service or repair.

MasterView has now become part of the service. The video of any car which falls into one of three categories, dubbed SAD – Safe, Abuse or Damage, is sent to the fleet manager so they can take action.

"We integrate all this into RiskMaster and that's why fleets see a downwards plunge in costs," Bray says.

And there are additional benefits. FSG's evidence shows that drivers who abuse cars are more likely to be involved in accidents. However, getting company bosses to act

## Lease rules to create growth opportunities

ARI predicts huge growth opportunities when the lease accounting rules finally come to Europe.

It believes the legislative changes, which will put leased vehicles onto companies' balance sheets, will lead to significant changes in the way vehicles are funded.

"The opportunities in Europe will increase, especially from full maintenance contract hire in the UK," Bray says.

"Most other countries are finance lease with the end user taking the risk and handling the fleet management."

ARI provides finance lease funding in America with the lessee taking the residual value risk: it forecasts that this funding model will become more popular as vehicles move onto the balance sheet.

was initially difficult, especially when their best sales staff were involved. "Their attitude bred a culture of 'I couldn't care less,'" says Bray.

The game changer was the Corporate Manslaughter Act in 2008. Companies finally woke up to the need to manage their drivers properly.

Although there was a lot of hyperbole, Bray believes it at least forced company bosses to focus on the issue.

## Keeping cars for longer

A passion for both maintenance and safety fuels Bray's belief that cars should be capable of running for years before being replaced. If the car is mechanically sound and it's safe, why change it after just a few years, he asks.

"Why worry about the residual value; just keep the car until it won't go any more," he says.

He sets an example at FSG: in 25 years, he's had just four cars. But he blames short replacement cycles on the influence of leasing companies and the attitudes of directors who want to change their car frequently, so they take a relaxed attitude to the fleet.

"If you go into small companies where it's their money, they tend to keep cars for longer. Five, six, seven years and more – it's possible if you look after the car," says Bray.

"With a proper maintenance regime and regular health checks, maintenance costs are predictable. SMR will not increase with age," he insists.

Companies are slowly moving in that direction. FSG's managed vehicles' age is gradually rising. But it requires radical thinkers to challenge the status quo, claims Bray.

"Fleet managers really have to look at areas like this – that's where the savings are. They have to re-write their fleet policies from scratch," he says.

"If you don't get running the vehicle right, it's a large drain on cost. A weak approach to fleet management will cost the business a lot of money."