

CASE STUDY

SKF and FleetPartners set new benchmark for “Green” fleets



Mr Ashok Kapoor, SKF Financial Controller with Stacey Fisher FleetPartners Business Development Manager.

When the Australian arm of global Swedish engineering firm SKF decided to slash its carbon footprint, it didn't have to look far for a solution. Parked outside its head office in Oakleigh, Victoria, was a fleet of more than 160 big six and eight-cylinder vehicles.

With the help of its trusted fleet advisor FleetPartners, SKF Australia has introduced a new vehicle policy that will create one of the country's lowest-emission fleets.

In a first for corporate Australia, from mid 2008 all new passenger vehicles in the SKF fleet must meet stringent emission targets of just 185g CO₂/km – almost 25 per cent below the current national average vehicle emissions (226.1g CO₂/km).

The innovative vehicle policy is the result of a close partnership between SKF and FleetPartners that will assist SKF Australia to reduce its total carbon emissions by 5 per cent year-on-year.

Global sustainability push

The SKF Group was founded in 1907 and now has operations in more than 70 countries. This global focus includes a strong commitment to environmental sustainability – principles that help define SKF as a corporate citizen and an employer of choice.

According to SKF Australia Financial Controller, Ashok Kapoor, SKF aims to go beyond reducing its impact on the environment to actually making a difference.

“Sustainability means different things to different people. For SKF it is all about growing our business in an environmentally responsible way – to grow profitably over the years by preserving our resources for the future,” Mr Kapoor said.

In 2005 SKF launched a global initiative, Beyond Zero, aimed at cutting carbon emissions in real terms across the Group. SKF also has a global ISO 14001 environmental certification and has been part of the Dow Jones Sustainability Index for the past eight years.

SKF Australia's new vehicle policy sought to build on these credentials and help the company take a leadership role in efforts to reduce Australia's carbon footprint.

“Certainly we want to be seen as the leaders in our field – not just in what we do as a business, but also in terms of upholding our high standards of environmental care and sustainability,” Mr Kapoor said.

Partnering for change

Reducing a company's carbon footprint takes time and planning. For SKF the task was complicated by the size and nature of the business.

“If you are a manufacturing company, reducing your emissions can be relatively straightforward because you can calculate and measure factors like energy consumption, water usage and waste etc,” Mr Kapoor explained.

“For a national sales company like ours, however, it was much more challenging. Whilst we use energy, the main environmental factor in our business is vehicles. Hence the focus was on our fleet of around 160 vehicles.”

As a long-term customer, SKF turned to FleetPartners for help to plan and implement a greener, more sustainable executive and sales vehicle fleet.

“When it came to creating a new, more sustainable vehicle policy it was vital that FleetPartners played an active part, assisting us in the drafting and taking on the role of trusted adviser,” Mr Kapoor explained.

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The new vehicle policy project, which took 12 months to complete, involved a close partnership between Mr Kapoor's team at SKF and the FleetPartners team led by Business Development Manager Stacey Fisher.

"Stacey was absolutely invaluable in the process," Mr Kapoor said. "She approached this project very professionally and consulted with us extensively on vehicle choice, particularly from the perspective of extracting the type of cars that are available and that met our strict emission standards."

New-look fleet has Euro feel

Early in the project it became apparent that if SKF was to achieve its carbon reduction target it would have to look further afield for suitable vehicles.

"FleetPartners was very proactive when it came to matching our emissions requirements to Australian standards and to the cars locally available. This was no easy feat as unlike Europe, the choice of vehicles in Australia that emit less than 185g CO₂/km was quite limited. As a consequence, most of the vehicles approved for use in our fleet are European models," Mr Kapoor said.

Another challenge the team faced was communicating the benefits of the new policy to staff and ensuring they were comfortable with the changes.

"Australians are passionate about driving big cars," Mr Kapoor said. "You can't ignore the fact that a vehicle comprises part of a person's employment package and that the choice of vehicle is very important to some people. But if we as a company were serious about shifting from big fuel-guzzling vehicles to more environmentally friendly vehicles the options were limited. Fundamentally it meant shifting expectations among our staff and changing perceptions of smaller vehicles," Mr Kapoor said.

SKF was also acutely aware of the importance many prospective employees placed on vehicles in their salary package. "From a business point of view, introducing a new low-emission vehicle policy carried the risk of how this would be perceived internally and whether it would hamper efforts to attract and retain staff," he said.

As a consequence, FleetPartners focussed on giving SKF maximum flexibility. The policy features both a recommended list of vehicles that meet the standard – prestige European marques like Volkswagen, Audi, Volvo, Saab – and a more flexible 'user-chooser' option that lets eligible employees choose their vehicle and level of specification (as long as it falls within the guidelines).

To help SKF employees move to the new vehicle policy, FleetPartners built and deployed a custom web page on the SKF intranet featuring a calculator and online help desk.

"The online solution was excellent as it helped to reduce the lead-time for introducing new vehicles and speed up approvals for staff," Mr Kapoor explained.

Teamwork, trust key to success

With the policy now in place, Mr Kapoor and the FleetPartners team have shifted their focus to implementing the new systems and ensuring the SKF fleet is managed for optimum efficiency and environmental benefit.

"FleetPartners' role was to give us informed, strategic advice about all aspects of our fleet, from a compliance perspective through to cost and availability. This was a large and complex task and one that FleetPartners performed extremely capably."

The trusted partnership that has formed between the two teams was vital to the success of the project – and its ongoing implementation, Mr Kapoor said.

"FleetPartners' involvement was very important for the success of our policy; you could even say their involvement was absolutely necessary. We tend to partner with people who support what we do and who can bring their expertise to the table. The partnership with FleetPartners is a good example of this.

"They brought considerable expertise in fleet management to the table and went well beyond the traditional role of a fleet finance company. Of particular value was the role played by Stacey who really partnered with us to successfully deliver this project," Mr Kapoor said.