

Keeping your employees safe

Part I: Managing the people

Think carefully before you give your employees the keys to a company car. A single vehicle crash can cost an employer about \$16,000 (in direct and indirect costs), which gives corporations thousands of tangible reasons to manage their drivers.

As a result, companies are targeting everything from safety policies and driver training, to the vehicle's onboard safety features. Safety policies can help create a safety culture and influence both attitudes and behavior while defining the employer's expectations of its employees.

"Right now, safety is the most rapidly evolving aspect of the fleet industry as technology evolves, laws change, costs increase and corporations are more aware of the impact of doing the right or the wrong thing," says Ted Lewin, senior manager, risk management services for Wheels in Des Plaines, Illinois. "Firms are becoming more proactive around prevention once they learn that 93 percent of crashes are preventable."

Element Fleet Management's FleetOptimize team found that five years ago just 15 percent of firms with fleets had safety policies, but today, 75 percent have a safety program.

"Virtually every pharmaceutical firm has a safety policy and we have identified that they also have the lowest average preventable accident rate compared to other industries," says Sumair Mirza, vice-president, marketing and strategic consulting at Element Fleet Management in Mississauga, Ontario.

Evidently, certain sectors have a deep commitment to safety, but David Thornton, director of client services – Eastern Region for Foss National Leasing in Thornhill, Ontario, has found that half of the firms operating fleets don't have any safety policy, and many of those with safety policies haven't updated them in five or six years.

"At the very least, your safety policies have to reflect changes in technology and legislation pertaining to everything from snow tires in Quebec to laws around hands-free and handheld devices," says Thornton.

Not surprisingly, the debate continues around policies that target the use of hands-free and handheld devices. So far, only the most leading-edge firms insist drivers park their vehicles for all phone calls, although science supports the fact that chatting on a hands-free or handheld device while driving is a cognitive distraction.

"Monitoring and enforcing your mobile phone policies presents a significant pragmatic challenge," says Mirza.

Because past behaviour is the best predictor of future behavior, corporations have increased the frequency with which they look at drivers' histories and pull abstracts as often as 24 to 12 months, with some committing to quarterly reports. It helps firms identify at-risk behaviours, deliver remedial training and can indicate a proactive, responsible approach to safety.

"Statistics show that five percent of the high-risk drivers account for 45 percent of the major collisions, so a strategy to identify and target that segment of drivers can yield the most positive results," says Mirza, who also notes that 63 percent of firms now charge employees tiered fines of \$100 to \$200 for at-fault accidents, up from 40 percent in 2008.



Of course, driver behaviour has the most dramatic impact on collision frequency and severity, but it also presents the most challenging variable. How do you modify, monitor and control driver actions and behaviours?

Telematics systems do play a role in monitoring, identifying risky behaviour, alerting managers and even directing drivers to relevant training, but it's still early days. Drivers and HR departments still see privacy as a concern, particularly if personal use is involved, but corporations tend to focus on the fact a company vehicle is as much a work tool as a computer or smart phone.

"A broader range of fleet types has started asking more questions around telematics, and we anticipate this trend will continue over the next five to six years," says Mirza.

At \$35 to \$50 per vehicle each month, telematics costs may have a cumulative impact, with data transmission often accounting for a significant percentage. For the most accurate look at an employee's driving, employers need to watch for patterns as opposed to one-time infractions when it comes to speed, seatbelt use, hard

braking/stops, quick turns and cornering.

"The Hawthorne effect—simply knowing that your actions are being monitored—does change behaviour, so install it, tell your drivers and you'll recover on that investment," says Thornton.

To truly reap the benefits of telematics monitoring for safety's sake, fleets must act on the information they receive, because data collection is pointless unless something is done with it. It's generally agreed that rewarding good behaviour is the most effective strategy, with peer recognition, safety awards and small monetary gifts (\$50) having a noticeable impact.

"I'd like to see more positive reinforcement," says Thornton.

Telematics systems can generate automated warnings and even direct drivers to specific, related training modules, but it's generally agreed that a personal note or call from the immediate manager or that manager's boss will make the most indelible impression.

"As a company in business today, you need to show that you are committed to due diligence around every aspect of safety," Thornton says.

Part II: Technology – Option or aftermarket?

Do you remember when seatbelts were an option, not a standard feature? What about ABS? Driver-side airbags, and then passenger-side airbags?

Whether or not you remember those changes, today's fleet managers are talking about a wide and impressive range of new electronic safety features designed to help drivers avoid or minimize the effects of collisions. Included in the array are goodies like exterior airbags, lane indicators, rear- and side-view sensors or cameras and adaptive cruise control.

"Right now, these features are generally standard on higher-end nameplates such as Mercedes and BMW, but where governments mandate them as standard equipment you'll start seeing them across the board in two to five years," says David Thornton, director of client services – Eastern Region for Foss National Leasing in Thornhill, Ontario.

As Ted Lewin, senior manager of risk management services at Wheels in Des Plaines, Illinois, points out, in the US, all passenger sedans will be required to have back-up cameras starting in 2018. If government is looking at it, it's likely that at some point the feature will become mandatory standard equipment.

The technology is slick, but right now you still have to pay for most of it. In most cases, opting for a package that includes these safety features means committing to the more expensive trim package with perks that also include luxuries such as leather seats. At \$2,500 to \$3,000 per vehicle, most fleets consider that additional cost prohibitive, as it takes the vehicle into the next selector category.

"A similar, third-party aftermarket package might run about \$1,000 and although it may perform a little differently, they do essentially the same thing," says Lewin. "Some of our customers have adopted the more expensive technologies, however the majority are still investigating their options."

Most of the devices haven't been in the market long enough to

accurately gauge the ROI, but Lewin expects that since the devices do reduce collision rates by 10 to 40 percent, if you crunch the numbers you'll see a return on investment thanks to fewer collisions and gains at resale.

Given the preponderance of little dings and slight scratches that require cosmetic repairs before resale, fleets recognize that rear- and side-view cameras and/or sensors could actually pay for themselves.

"These devices do exactly what they say they'll do, but there is the risk that being human, drivers will rely too much on the devices and get a little complacent," says Lewin.

Before investing in electronic safety devices, always test them and include your employees in the pilot project. Lewin says the number of test drivers is less important than ensuring a broad cross-section of drivers across functions (sales, management, service) and geographies (urban, rural, combination).

Vehicle systems may offer auditory (beeps), visual (lights) or haptic (seat or steering wheel vibration) alerts, or a combination thereof, but in most cases, the onus is on the driver to make the adjustment. While the vehicle could take the initiative and reduce the speed, limit speed to a certain maximum or brake, it's seen as an issue.

"There is a reluctance to make a blanket decision on the driver's behalf," says Sumair Mirza, vice-president of marketing and strategic consulting at Element Fleet Management in Mississauga, Ontario. "What if accelerating was the only way to avoid an accident?"

As Element has seen, driver demographics, specific situations and vehicle types all come together to affect collision rates. For example, a consumer packaged goods firm hired 19- to 25-year-olds to demo products and deliver point-of-sale materials. Analytics showed a spike in the spend on repairs to the mini-vans' rear quarter panels.

"They weren't used to driving mini-vans in underground parking garages, so we offered relevant training and switched to vehicles with less of a blind spot," says Mirza. **c.a.r.**