

### How corporates can help democratise private leasing

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**Private leasing is booming across Europe. But what if corporates are the crucial ingredient to turn the trend into a mass movement? That's not as contradictory as it sounds, says Olivier Theron, Head of Private Lease at ALD Automotive.**

**Mr Theron, more and more companies are offering an Employee Car Scheme. How is that different from a traditional company car policy?**

"In a standard car policy, a company offers cars to a limited number of employees: those who need one for their job – tool cars – and those whom it wants to reward and retain – benefit cars. Under an Employee Car Scheme, the offer of a car can be extended to all employees, including those who normally don't qualify for a company car."

**But there is a difference.**

"Yes. This is a private lease scheme, offered under the patronage of the employer. Of course, the employee will have to pay a monthly fee for their vehicle; but because the employer has a pre-existing relationship with the lease supplier, conditions will be very favourable. And the vehicle will come with a range of professional services, including maintenance, road assistance, insurance, etc."

### **Does this scheme come in different types?**

“There are basically three options. The first is if you’re an employee with a company car, and your employer replaces it with a cash allowance. Which means you get more control over picking your vehicle and get to keep the change. The second if you weren’t entitled to a company car but can now obtain a car via work as well. And the third, the private lease car is part of a salary sacrifice programme. This depends on the local tax situation and is probably less relevant overall. Option two is definitely the most popular one.”

### **Doesn’t an Employee Car Scheme create extra admin for the company that offers it?**

“Actually, no. Their main task is sitting down with the lease provider to define the catalogue of cars that employees can choose from – with an eye to safety and corporate image, among other factors. There can also be relevant tax implications. But when all that’s settled, the main relationship is between the end user and the lease company. At ALD Automotive, we provide a relationship that is entirely digital. So it is pretty easy on the end user, and almost no hassle for the company.”

### **So the cost is pretty minimal. But what benefits does the company derive from an Employee Car Scheme?**

“Simplification and attraction. First, it makes the mobility aspect simpler. The whole company car issue no longer has to be dealt with by Procurement, but simply by the Human Relations department. And offering private leases under your corporate wings is a very appealing way to attract and retain talent.”

### **And what about the employee? Why would they choose a private lease via their employer if they can get it elsewhere – via their bank, for example?**

“An Employee Car Scheme – we also call it B2B2E, because it’s a B2B scheme that ultimately benefits the employee – is of great benefit not just because it’s an option previously not available to them; but also because they benefit from the economies of scale that we as a global provider can offer.”

### **The Employee Car Scheme seems to produce only winners.**

“That’s why it’s increasingly popular, and across the board. We see it being taken up by large international key accounts, but also by medium- to small-sized companies. We’re offering it to companies in all kinds of industries, and in every market where we’re present and offering private lease. What all companies who offer it have in common, is that they are keen on providing all their employees with access to lease cars – and to be seen as a good provider for their entire staff. It’s a very convenient way to project a very positive corporate image.

We recently attended the Global Pensions and Benefits Council in Munich, which gathers HR Directors from global corporations, this past March to present our Employee Car Scheme. The presentation attracted considerable enthusiasm and interest and participants clearly saw the opportunity this offering presents as another innovative means for attracting and retaining talent.”

## **OK, say I'm with a company that wants to set up an Employee Car Scheme. What do I need to keep in mind?**

"It takes some time to make it work. Communication is crucial to ensure employees are familiar with the offering and its advantages, but to also avoid misunderstanding if a cash allowance, for example, is implemented to replace a company car. And it's also important to establish red lines with regard to corporate image, safety and other criteria when selecting a vehicle. But it's quick and easy to set up. We have all expertise and tools necessary – we can have the Employee Car Scheme digital platform up and running in a very short time."

## **Why would you say ALD Automotive is a good choice if I'd want to set up an Employee Car Scheme?**

"Because we have the expertise and are already providing Employee Car Schemes in 9 countries which is expanding regularly. With more than 10 years' experience in the B2C channel and a private lease offering in 23 countries, we are well positioned to expand the Employee Car Scheme on the back of this footprint for companies through our fully digital capacity. In addition, our international clients are not only interested in offering the scheme in one country but to their staff internationally and need a partner who can manage the scheme as a whole, both in terms of expertise and service capacity. We clearly see a movement underway given the relevance and benefits provided by Employee Car Schemes and intend to be ahead of the curve in terms of service offering."

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