

# MasterCard Corporate Fleet Card

Best Practices Guide



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# .: Introduction

The fleet management industry is comprised of fleets of every size and description. A variety of regional and national card programs have emerged to meet the needs of this \$75 billion U.S. segment, which includes both the public and private sectors. Some of these card payment programs offer fuel-only utility, while others provide solutions for maintenance and repair of modern fleets.

This market demands flexible, as well as comprehensive, purchasing control and information management. Both the needs of the driver and the organization must be met to increase productivity, improve cost controls, and enhance profitability. General-purpose cards, like the MasterCard Corporate Fleet Card<sup>®</sup>, have emerged into the best practice arena due to their wide acceptance for a variety of goods and services, ranging from fuel and vehicle maintenance to travel expenses for the driver.

MasterCard Worldwide developed this guide as a tool for fleet managers that use MasterCard Corporate Fleet Cards to provide insight into evolving industry best practices and show how these best practices are enhancing fleet payment policies and procedures.

The identified best practices for MasterCard Corporate Fleet Cards are described in two key areas:

1. Planning and Implementation
2. Program Expansion

The roles of each within a typical Corporate Fleet Card program are described below.

<b>Best Practice Segment</b>	<b>Concepts Explored</b>
Planning and Implementation	Highlights the importance of setting goals up front and designing the program to most effectively achieve these goals
Program Expansion	Describes tested approaches and recent innovations that can lead to greater fleet card utility

## Planning and Implementation





# .: Planning and Implementation

## Best Practice #1

### Tie Controls and Prompts to Program Goals

The MasterCard Corporate Fleet Card offers a number of controls, including setting limits and prompting at the point of sale (POS), to manage fleet expenses. This flexibility has many advantages, but an organization should first establish its expense management goals in order to choose the limits and prompts that will be most useful for its cardholders.

For example, cards may be assigned to vehicles which typically have multiple drivers; the primary objective is vehicle efficiency. Spending limits should be aligned with how and where the vehicle is used, and whether maintenance privileges will be assigned. The vehicle's fuel profile (type of fuel, tank capacity) should also be taken into account for spending criteria and exception reporting needs. POS prompting could include both a driver ID and odometer reading for the purpose of driver accountability. Fueling outside of established parameters for days and hours of operation will trigger exception reporting. Sufficient data should be profiled and captured to feed any existing asset management system(s).

Driver cards may be more appropriate if drivers have an assigned vehicle or need to pay for other expenses, such as lodging and meals. Vehicle profile information, such as fuel type or tank capacity and hours of operation, can also be captured to assign spending and reporting limits that are appropriate for the vehicle. Odometer reading may be sufficient for prompting if the driver is accountable for only one vehicle.

Type of fleet and operating requirements will be key factors in determining the types of limits and prompts that are established for each driver and vehicle. Make them sufficient to capture valuable data but not so restrictive that fleet operations are negatively impacted.

Key Success Factors	Methods of Achievement
Program goals established	<ul style="list-style-type: none"><li>- Assess current operations in terms of vehicles, fueling costs, drivers, hours of operation, service areas, purchasing and maintenance methods, and level of reporting</li><li>- Identify general and specific goals for the MasterCard Corporate Fleet Card program</li><li>- Measure shifts in activity and bottom line impact</li></ul>
Card limits selected	<ul style="list-style-type: none"><li>- Choose spending and usage limits unique to each vehicle/driver combination</li></ul>
Card prompts chosen	<ul style="list-style-type: none"><li>- Select POS prompts sufficient to provide data required</li></ul>

### Benefits Realized

- Cooperative drivers
- Effective vehicle efficiency tracking
- Relevant data for exception reporting
- Well-defined program management

## Best Practice #2

### Establish an Effective Fueling Policy

Since fuel is typically the largest variable expense for a fleet of any size, an effective fueling policy is absolutely critical. The policy and the mechanisms used to monitor compliance determine the effectiveness of the fleet manager at controlling unnecessary costs.

An effective fueling policy will address:

- Fuel purchase limits: Include grade of fuel, vehicle capacity, and expected usage in the policy. Set card limits and use exception reports to track compliance daily.
- Restrictions on non-fuel products and services: Where possible, allow the MasterCard Corporate Fleet Card to be used for maintenance but define what products and services may be purchased and where.
- Expected locations, days and times of purchases: Include types of providers, geographic locations and when the driver should be fueling his or her vehicle.
- Recommended fueling stations: To get the best value in terms of quality, consistency and price, specify preferred suppliers by brand. Indicate the unusual circumstances under which non-preferred suppliers can be used without penalty.
- Preference for pay-at-the-pump: To improve control and maintain consistency of reporting data, direct drivers to automated pumps.

By establishing a straightforward, yet complete, fueling policy, and enforcing it using the valuable data that is associated with a fleet card, the organization can control fuel costs while helping its drivers be more efficient on the road.

#### Key Success Factors

Well-defined fueling policy

Card limits tied to policies

Effective exception reports

#### Methods of Achievement

- Identify vehicle fuel requirements and capacities
- Establish rules for non-fuel purchases
- Define when and where fuel should be purchased

- Set up fleet cards with appropriate limits and vehicle profiles

- Select reports that highlight usage exceptions

#### Benefits Realized

- Reduced fueling costs
- Efficient, yet compliant drivers
- Useful management information

# .: Planning and Implementation

## Best Practice #3

### Develop Straightforward Training for Card Users

Whether an organization's fleet is comprised of over-the-road vehicles, local delivery vans, company cars, or special-purpose vehicles, the drivers need a simple set of rules to follow when paying for fuel or any maintenance items for the vehicle. With some up front training and a basic reminder guide at their disposal, drivers will be able to get where they need to go while minimizing costs and complying with company policy.

For more sophisticated vehicles like construction equipment or long-haul trucks, driver training or certification provides the perfect opportunity to bring drivers up to speed on when and how they should use their fleet card. Fueling policies, specific card limits, point-of-sale prompts, and any reconciliation requirements should all be addressed. If drivers are authorized to pay for basic or emergency maintenance expenses, these should also be covered in detail. A one- or two-page laminated guide that can be kept with the vehicle log serves as a card usage reminder when they are on the road.

For local delivery vans or company cars, the amount of training needed should be based on the cardholder's privileges. If some maintenance expenses are authorized, or if the driver can also use the card for travel expenses like lodging or meals, online training or a user guide may be sufficient. A handy tri-fold reminder guide for the glove compartment, or even a card-sized reminder that can be attached to the key ring, should be adequate. Be sure to cover basic policies, card limits, and any prompting rules necessary for them to make a purchase.

Off-road or special purpose vehicles may require fewer instructions, but those directions will be unique to each vehicle. Keep training simple. Attach a reminder card to the vehicle, or in a visible place where the equipment is stored, so the driver/user can make their purchases efficiently.

Keep any training as simple as possible, covering the necessary information to get the driver on the road and back again safely and efficiently. A convenient reminder will give drivers the confidence they need to keep their vehicle running according to company policy.

Key Success Factors	Methods of Achievement
Straightforward training program	<ul style="list-style-type: none"><li>- Establish what information drivers absolutely need to know to fuel and maintain their vehicle according to company policy</li><li>- Link fleet card training to other instruction associated with vehicle use wherever possible</li><li>- Develop online tutorials or simple user guides for standard vehicle drivers</li></ul>
In-the-vehicle user tip guide	<ul style="list-style-type: none"><li>- Prepare a brief reminder guide for each vehicle, consistent with the complexity of the vehicle and the driver's privileges</li></ul>

### Benefits Realized

- Efficient drivers
- Policy-compliant fuel and maintenance purchases
- Minimal process questions from drivers

**Program Expansion**





# .: Program Expansion

## Best Practice #4

### Expand a Fuel-Only Program to Include Maintenance

Gas cards and proprietary fleet cards have historically been limited to fuel purchases due to acceptance issues. Separate procurement methods have been required to address purchase of maintenance products and services or emergency repairs, such as employee reimbursement, company accounts with local merchants, and national contracts which require central approval. These disparate payment processes are generally very inefficient in terms of driver productivity and cost control. General-purpose cards with broad acceptance have dramatically changed the way fleets manage maintenance expenses.

A general-purpose card like the MasterCard Corporate Fleet Card is accepted anywhere MasterCard is accepted. This gives drivers the flexibility to purchase maintenance supplies or repair services from the suppliers designated by the company. While the fleet card can be restricted to certain types of merchants using Merchant Category Codes, the issuer's fleet card reporting system can be set up to report exceptions anytime a non-preferred supplier is used. Data from the system can also be used to negotiate discounts with preferred suppliers on a local or national basis. If the company's preferred suppliers provide Level III line item detail, transaction data can be fed to the company's vehicle management system to track maintenance activity.

Expanding fleet card privileges to include maintenance as well as fuel allows the company to pay for all fleet expenses more efficiently, while effectively managing those costs and keeping its vehicles in good operating condition.

Key Success Factors	Methods of Achievement
Pay for maintenance with fleet card	<ul style="list-style-type: none"><li>- Establish vehicle maintenance policies for what goods and services can be purchased and where</li><li>- Set limits on cards to allow maintenance expenses</li></ul>
Controlled maintenance expenses	<ul style="list-style-type: none"><li>- Communicate maintenance expense policies to drivers</li><li>- Negotiate volume discount arrangements with local or national suppliers</li></ul>
Effective vehicle expense tracking	<ul style="list-style-type: none"><li>- Identify vehicle maintenance suppliers that provide Level III (line-item detail)</li><li>- Integrate expense details with asset management system</li></ul>

### Benefits Realized

- Reduced maintenance expenses
- Simple maintenance expense administration
- Fully automated vehicle expense tracking

## Best Practice #5

### Use Driver Cards for Travel and Purchasing Expenses

There is a trend for companies to review their commercial card requirements (fleet, travel and purchasing) collectively and evaluate their options under a single Request for Proposal (RFP). By using a single issuer, there is only one relationship to manage, data consolidation is easier to accommodate with a common reporting system, and the overall relationship with the issuer is optimized.

But some companies have taken this concept a step further by combining all commercial spending into a single card program. In some cases, this replaces the use of multiple cards and in others, it is the result of adding spend for additional categories to an existing card program. This approach enables simplicity for the cardholders, a single program to manage for administration, and most important, collects data into a single database using one reporting tool.

Fleet driver cards are ideally suited to this type of arrangement. Many vehicle fleet drivers not only need to pay for vehicle expenses like fuel and maintenance, but also travel expenses such as lodging and meals, and even other purchases like office supplies or copying services. General purpose cards like the MasterCard Corporate Fleet Card and the MasterCard Corporate Multi Card® are designed to allow different spending controls on different expense categories. Whether an employee has overlapping responsibilities or just needs a single-purpose card, a card can be issued that fits their job profile. For example, a local driver only needs fuel and maintenance privileges, while a sales person incurs both fleet and travel expenses.

By combining card programs (purchasing, travel, and fleet), the organization can save on administrative efforts. With fewer cards to manage, a consistent reporting platform across all card programs, and one accounting process, all stakeholders will have consistent data, in the same timeframe, and be able to make better management decisions. The ease of use for the cardholder is also a benefit. Instead of having multiple cards and potentially using the wrong card for an inappropriate purpose, the cardholder has one card and one process to follow for all transactions he or she needs to make to fulfill his/her job responsibilities.

#### Key Success Factors

Support from management

A single card program

#### Methods of Achievement

- Develop a business case which quantifies the administrative savings and demonstrates the benefits of a single card program for cardholders and managers
- Consider current card needs for fleet, travel, and purchasing
- Perform a purchase transaction analysis and use expense categories by employee to establish card use overlap
- Review billing and liability options with card issuer, considering best practice recommendations
- Develop typical cardholder profiles for assigning authorization limits
- Review transaction reconciliation and travel expense reporting options with card issuer

#### Benefits Realized

- Reduced administrative costs
- Simplified cardholder procedures
- One provider and program to manage
- One data source for management reporting
- Optimum financial arrangement with issuer

# .: Program Expansion

## Best Practice #6

### Use Vehicle Cards as Life-Cycle Tracking Tools

Expenses for special-purpose vehicles, off-road vehicles, and heavy equipment also should be tracked to ensure they are being properly maintained and are performing efficiently. A vehicle fleet card can serve as a life-cycle tracking mechanism for all the expenses incurred on these non-standard vehicles in addition to traditional fleet vehicles.

Specialty equipment can present a challenge when it comes to asset management since odometer readings and miles per gallon may have no bearing on their usage. A fleet vehicle card can be assigned to each piece of specialty equipment and used to pay for fuel, maintenance, repairs, lease payments, and even purchase of the equipment itself. Transaction data will be captured for each expense and can be viewed as needed to determine performance. Reports can be generated for each piece of equipment using dates, amounts, and expense categories or the data can be fed to other systems for tracking purposes.

Whether the company needs to track expenses for lawn mowers, back-up generators, earth movers, or ATVs, a fleet vehicle card can provide all of the associated expenses over the life of the vehicle.

<b>Key Success Factors</b>	<b>Methods of Achievement</b>
Vehicle cards for specialty equipment	- Assign vehicle cards to each piece of specialty equipment at time of purchase
Life-cycle data tracking	- Use the vehicle fleet card to pay for all expenses associated with the vehicle during its lifetime - Define reporting needs to track vehicle performance

### Benefits Realized

- Single source of expense data
- Life-cycle performance tracking
- Efficient use and timely replacement of specialty equipment

## Best Practice #7

### Expand Fleet Card Program to Include Indirect Procurement Expenses

A fleet card program, regardless of whether cards are assigned to vehicles or drivers, can be expanded to include special purpose cards that support the organization’s fleet, as well as indirect procurement across the company. Special purpose cards can range from project cards to cards for purchasing inventory or services. In all cases the cards can replace other methods of payment while making fleet operations and general procurement more efficient.

Project cards can function similarly to a vehicle or life-cycle card. All expenses for a specific project can be charged to a specific card to track project costs. One example might be contract personnel for a systems implementation project or materials and labor for a construction project. It is recommended that these cards be issued through or to the supervising department.

An in-house maintenance department could use specialty cards to institute a just-in-time (JIT) inventory policy for engine parts, oil, or tools. The line-item detail reports can help determine elapsed time from order to receipt of inventory parts, which is a gauge for efficiency and feasibility. This approach will also help reduce carrying costs on inventory and storage needs.

Many services can also be paid for using a fleet card. Temporary staff, training programs, and other specialized services that the organization contracts out can be paid for by authorized individuals using a fleet card. The POS controls can replace the paperwork typically associated with purchase orders and invoices, while making suppliers happy by paying them sooner.

Leveraging a fleet card program for other expenses critical to fleet management and using the card program for broader indirect procurement applications can result in more efficient purchasing overall and improve the financial arrangement with the organization’s card issuer.

Key Success Factors	Methods of Achievement
Project cards in place	<ul style="list-style-type: none"> <li>- Highlight projects in the planning stage</li> <li>- Identify project managers or supervising departments</li> <li>- Issue one or more cards to project leaders with appropriate limits assigned</li> </ul>
JIT inventory cards issued	<ul style="list-style-type: none"> <li>- Analyze just-in-time inventory opportunities</li> <li>- Quantify potential savings from reduced carrying costs and minimized storage requirements</li> <li>- Issue inventory cards to inventory purchasing managers</li> <li>- Use detail reports to review changes in order efficiency</li> </ul>
Operations cards assigned	<ul style="list-style-type: none"> <li>- Identify services used in support of fleet management</li> <li>- Issue cards to individuals who procure various services</li> <li>- Track supplier and cardholder satisfaction from using cards for payment</li> </ul>
Purchasing card privileges defined	<ul style="list-style-type: none"> <li>- Promote fleet/purchasing cards for all indirect procurement</li> <li>- Identify end users of goods and services company-wide</li> <li>- Leverage a single card management system for fleet and procurement to request and maintain cards</li> </ul>

#### Benefits Realized

- More efficient project reporting
- Better inventory tracking
- Faster inventory ordering
- Efficient purchase of goods and services
- Enhanced financial arrangement with issuer

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