

# DOERING LEASING CO.

2008

NEWSLETTER

Issue #16

## What's Inside?

### QUOTE OF THE MONTH

*"Property may be destroyed and money may lose its purchasing power; but, character, knowledge and good judgment will always be in demand under all conditions."*

- Roger W. Babson

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***"Most companies don't fall short of their potential because they can't fix their problems; they fall short...because they refuse to look at them."***

**Dave Anderson, Dealer Magazine**



## Negligent Entrustment and Fleet Management

Negligent entrustment is a cause of action arising when one party is held liable for negligence because they negligently provided *another party* with dangerous instrumentality (dangerous not unto itself, but in the hands of the entrustee). Most cases of negligent entrustment arise in vehicle-related cases, but some arise in reference to gun and weapon sales. Many firms manage their own fleet of vehicles or use a leasing company to do so, but one of the largest risks to a company which *reimburses employees*, surrounds the use of employees' deficiently maintained vehicles for business use, for which the firm may be held liable. There are also cases where company-owned or leased vehicles were given to unsuitable drivers and the company has been found liable for negligently entrusting an employee.

***You...may be held liable for entrusting a vehicle to an employee.***

As a fleet manager or business owner, you and/or your firm may be held liable for entrusting a vehicle to an individual or employee without ensuring that the individual has a valid driver's license or has a history of driving infractions (known or unknown). The onus is on you and your firm to avoid entrusting employees with company vehicles who should not be trusted.

If the legal claim is brought against the employer, the employer is commonly found liable if the entrustee's record was known to the employer or was easily

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## Leasing for Religious and Not-for-Profits

### Cash Flow, Aging Populations and Efficiency Services

Doering Leasing Co. recently had the privilege of attending the National Association for the Treasurers of Religions Institutes annual conference to discuss the concept of opportunity cost, the impact of aging populations in religious organizations, and fundraising among other topics relevant to not-for-profit religious organizations specifically.

Opportunity cost is the cost of passing up an alternative choice when making a decision. For example, if capital is used for one purpose, the opportunity cost is the value of the alternative purpose the capital could have been used for (if you invest in a bond fund at 5% annual return and could have invested in a growth fund with a 12% return, your opportunity cost was the incremental 7% return).

**We asked "Why tie up \$1,000,000 in vehicles?"** Although leasing does great things in for-profit business situations, leasing has a monumental value proposition for non-profits because of the mammoth impact compounding rates of return have on the organization's capital fund.

Opportunity cost analysis is an important part of an organization's decision-making processes and can yield many critical truths about operational efficiencies that may otherwise be left undiscovered. Most importantly, it can yield a higher rate of return on your capital. This alone is one of the most compelling reasons non-profits lease their vehicle fleets.

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## "We Don't Lease and We Don't Need to Lease" - The Other Angle

This is something we hear from companies all the time when they are not currently leasing their fleet. They often *think* they are doing the best thing for their organization. Unfortunately, it is incorrect thinking to say you do not *need* to lease. The wealthiest companies in the world lease, not because they have tight cash flow to buy cars, but because they have better uses for capital that yield higher rates of return! The analysis is conclusive and shows that the compounding effect of keeping your capital working for you is hugely beneficial.

The best response available is – "You should be leasing. Companies lease because they WANT to, not because they have to; they have a better use of capital and time. They understand the value a leasing company brings to the table." Times change quickly and having accessible capital can be invaluable, providing for flexibility and security. Leasing is an extremely conservative

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## Saving Fuel Systematically

Reducing fuel expenses is a major concern for organizations with a large fleet of vehicles. The following are documented and proven ways to reduce fuel consumption. We suggest you educate your drivers as part of a fleet safety and maintenance session annually.

- ◆ Don't Idle for Long
- ◆ Drive Vehicles to Warm Engine in Cold Weather, No Idling
- ◆ Using a GPS System Increases Routing Efficiency
- ◆ Get a Fleet Fuel Card - Call Doering Leasing Co.
- ◆ Remove Unnecessary Weight
- ◆ Keep Tires Inflated to Specs
- ◆ Use Cruise Control
- ◆ Buy the Lowest Grade of Fuel Permissible for your Vehicles
- ◆ Drive Slower
- ◆ Preventative Maintenance – Replace air cleaners, align wheels, replace oil
- ◆ Use the Instant Fuel Economy Display
- ◆ Turn off Air Conditioning – improves fuel economy 5-20%
- ◆ Reduce Drag – Keep Windows Up. Keep the tailgate of pick-ups UP. Studies show it's far better.
- ◆ Avoid Uphill Speed Increases
- ◆ Fill Up in Mild Weather – fuel is denser in colder weather and pumps measure volume, not density. Get the most bang for your buck in cold weather.



## EPA Revised Fuel Economy

Federal government crash test data will now be shown on all new vehicle window stickers. In addition, the EPA has revised the testing criteria for the computation of city and highway fuel economies posted on new vehicle window stickers. The new figures are hoped to be more reflective of real-life driving, including graded roads, stop-and-go traffic, and varying temperatures. It is notable to understand that nothing changed with the vehicles, simply with the testing procedures. Most fuel economy figures dropped 5%, but some changed as much as 20%. The National Highway Transportation Safety Administration and EPA hope to make both fuel economy and crash test data more prevalent in the eyes of car buyers and in doing so, induce the industry to improve safety and fuel economy. Crash test data is available on the web at [www.safercar.gov](http://www.safercar.gov).

## New Vehicles for 2008

Audi A5/S5 Coupe	Audi R8 Musclecar
BMW M3 Coupe	Cadillac CTS
Chevy Malibu	Chevy HHR Cargo Vehicle
Chevy Tahoe/Yukon Hybrids	Dodge Avenger
Dodge Sprinter (2007/2008)	Ford Escape
Dodge Caravan/Chrysler T&C	Ford Focus
Honda Accord	Infiniti G37 Coupe
Jeep Wrangler (limited availability)	Lexus LX570
Subaru Tribeca	Toyota Sequoia
Toyota Highlander (and Hybrid, limited availability)	

## Special Rebate Programs

Doering Leasing Co. specializes in adding value to every business partner. Part and parcel to this goal is the procurement of suitable fleet vehicles at the lowest possible prices. With over 85 years in the business, our staff are experts in securing volume and fleet rebates to reduce the acquisition cost of your vehicles. You spend your time focused on your operations while we focus on procuring the right vehicle at the lowest price. Many of the luxury vehicle manufacturers have special rebate programs which can lower the acquisition cost of high-line cars. As always, it remains most advisable to factory order fleet vehicles whenever possible.

Doering Leasing Co. specializes in special distributor and reseller rebate programs. These programs are little known in the industry, but we are experts at using such programs for our clients to help reduce acquisition cost and fleet operating expenses. Most dealers do not know of or understand such programs — call Doering Leasing Co. We are a business partner who will work hard for you and on your behalf.

## Doering Leasing eNews - Sign Up

Doering Leasing Co. sends out a monthly electronic newsletter via e-mail – Doering eNews. It's informative, valuable and content-rich. If you would like to receive Doering eNews, please e-mail [info@doeringleasing.com](mailto:info@doeringleasing.com) with your e-mail address and note "newsletter" in the subject or body.

## Mailing/Billing Address Changes

Please send address updates to us at [updates@doeringleasing.com](mailto:updates@doeringleasing.com) or call 800-238-7888!

DMV NOTES: Delaware DMV Fees Increase Nearly 100% across the board for 2008. WI DMV Fees increase 50% on average as of January 1, 2008.

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## Negligent Entrustment, continued from page 1

discoverable, had a diligent search been conducted. It is important to know that negligent entrustment cases often result in large punitive damage awards which are disallowed from being paid by insurance companies by state laws or insurance policies in a growing number of states.

To avoid a negligent entrustment claim, have your employees sign a written document showing all driving violations and accidents for the past five years. Include a section authorizing the employer to obtain periodic MVR's (motor vehicle records). Prior to allowing anyone to drive company vehicles follow the following steps:

- ◆ Get a photocopy of a valid driver's license
- ◆ Run MVR check and keep them updated
- ◆ If the individual has lived in other states in the last five years, get MVR records from those states
- ◆ Check MVR's once per year and document the process carefully
- ◆ Take proactive steps to implement fleet safety policies

If you have very young or very old drivers, take extremely proactive steps to ensure driver competence (road tests are a good way).

Firms often overlook other common risks with fleet vehicles that can result in negligent entrustment or negligence claims: deficient vehicle condition, maintenance, driver training, and ensuring license endorsements up-to-date. We also encourage you to have a written policy restricting the use of company vehicles outside of standard business hours (i.e. – vehicles employees take home).

## Not-For-Profit and Religious Leasing, continued from page 1

Leasing and opportunity cost concepts go hand-in-hand. Leasing affords a religious or non-profit organization the opportunity to use capital for a productive use, not tying it up in depreciating vehicles. It's undisputable that vehicles are not an investment and are simply a necessary evil. Who would knowingly buy an investment that will lose 50-60% of its value in 36 months?

Fleet leasing allows organizations to invest capital and yield a higher rate of return or take the capital and invest in the organization's operations or growth, achieving a higher internal rate of return (IRR). Leasing provides capital; capital provides options and flexibility that allow organizations to adapt to varying situations. With working capital invested productively, the organization's financial picture will improve. A recent financial analysis of one organization with fifty vehicles yielded the following data:

Assuming an average acquisition cost of \$20,000 and a 10-12% annual return on investment, leasing yielded a \$344,400 benefit to an organization over 36 months PLUS improved fleet management, lowered acquisition costs, improved resale values of used vehicles, and provided capital to suit an organization growing increasingly cash-dependent as the population ages.

### *- Doering Leasing is Growing -*

**Dave Goetz**, a 27-year esteemed veteran of the fleet leasing business, has accepted a position with Doering Leasing Co. as Senior Account Executive. Dave specializes in both small/mid-sized fleet and individual sales and leasing.

**Harry Schimmelfennig** joined Doering Leasing Co. as our Service Director. Harry assists Doering Leasing Co. clients by providing pickup and delivery service for routine service on executive vehicles including tire rotations, tire replacements, brake repairs, detailing, body work, ding and dent repair, windshield repair and replacement and much more! Call Harry at 800-238-7888 or e-mail him at [harry@doeringleasing.com](mailto:harry@doeringleasing.com) for more information.

### Need to Lease, continued from page 1

business practice.

There's ten or more simple reasons why 498 of the Fortune 500 companies lease. They're the same reasons you should. Quite simply, leasing has been a sophisticated financial tool for over 75 years and provides tremendous value.

Leasing your fleet frees up capital, lowers acquisition cost of vehicles, conserves credit, and provides a comprehensive array of services to decrease fleet administration, help make strategic acquisition and disposition decisions, and have consistent experts able to handle your needs nationwide.

### DOT COMPLIANCE—Applicability and Risks of Non-Compliance

The Federal Motor Carrier Safety Act states that any firm which operates vehicles greater than 10,000 lbs GVWR or transports hazardous materials are subject to the U.S. DOT's FMCSA regulations. This is a dramatic change from the past where such regulations began at 26,000 lbs. Compliance requires much more than simply placing DOT numbers on qualifying fleet vehicles. Please call your Doering representative for more information.

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# **DOERING LEASING CO.**

**Nationwide Fleet Management Experts**  
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## **What is Our Product ?**



### **SERVICE**

Doering Leasing Co. strives to meet the transportation needs of every customer with the highest level of professionalism.

We continually strive to reduce your transportation expenses and create the most efficient programs for your corporate needs.

Doering Leasing Co.'s services range from providing one-stop-shopping for your vehicles to service and warranty needs.

We meet in your office and provide all the information necessary for you to make an informed, hassle-free, and objective decision.

### **BUSINESS PARTNER**

Doering Leasing Co.'s staff has your best interests at heart. We are the leasing experts. Our goal is to educate you about leasing and communicate knowledge that is helpful to you and your company resulting in decreased costs, increased cash flow, and growth of your business.

Please don't hesitate to ask for our help.

### **LEASE OPTIONS**

Every contract we write is customized to meet the needs of our client. From high mileage contracts to executives with special needs, we are very accommodating.

We work with multiple national funding sources allowing us to have a selection of the most competitive rates and programs in the country.

Often contracts are available without security deposits, fees, and down payments.

There are many types of lease contracts which each have their own way of calculating depreciation and interest expenses.

A properly written contract with payments matching the actual use of a vehicle allows leasing to be hassle free. In addition to typical dealer-leases, Doering Leasing has numerous alternatives depending on your needs.

We are the leasing experts with well over 85 years of experience. Each member of our staff strives to add value to you and to your business.