

Companies should watch fuel costs in tough times



Barney Holland

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When a two-wage-earner household loses a bread winner, which is happening a lot these days, and the one still employed hasn't gotten a raise in a year or has had their hours cut, financial pressures mount. And, when gasoline prices, the one fungible product we buy lots of – but often never see or even touch – are high, the temptation to take advantage of an employer can become irresistible.

XYZ Company has a petty-cash box, kept under the watchful eye of the controller or a designee holding \$500. Periodically, the keeper of the petty cash unlocks the box in the presence of XYZ's controller and the contents counted, down to the penny. If there is not \$500 of cash, checks, stamps, or IOUs, the keeper of petty cash is responsible to make XYZ whole.

XYZ employs customer service personnel, salespeople, and deliverymen, and has a small fleet of vehicles that consumes around 10,000 gallons or \$30,000 of fuel monthly. XYZ's Controller pays its fuel vendors, which include;

- major oil company credit cards bills
- VISA/MasterCard credit card bills
- cash and/or credit card receipts on Expense Reports
- fuel suppliers for XYZ's yard tanks
- C-Store's hand-written tickets on "open account."

If asked, XYZ's conscientious controller, who knows how much petty cash he has, cannot tell exactly how much money XYZ spends on fuel each month, which employee fueled which vehicle, or how many gallons they used; but his "guesstimate" is about \$30,000, on average, more or less, depending on the season, business volume, etc.

He can't be certain that the transport drivers dropped all the fuel because they often deliver at night. Additionally, XYZ's dispatcher and the drivers are friendly so, even when fuel is delivered, midday, the dispatcher does not always take "before and after" inventories. Also, the meters haven't worked for months, and the clipboard fuel log is rarely complete. And, the controller can't quite always read all the numbers the C-store clerk wrote on the "Cash Tickets" when XYZ's driver, "John Smith" bought fuel, but it looks kind of like "John Smith's" signature. It "says" "Diesel" but, it is about the same amount as a case of beer and a

\$5 lottery ticket . . . No one correlates the odometer reading in John Smith's vehicle to the miles per gallon that vehicle should be getting.

XYZ Company tried "wet hosing," but those guys only work at night, are unsupervised, etc. - leaving much room for mischief. Additionally, the "wet hosing" company's liability and pollution insurance was not deemed adequate to protect XYZ Company. "Wet Hosing" was at serious odds with XYZ Company's PR Campaign to present itself as a "Green" company" because it exacerbates air pollution problems by having the transport trucks 400 HP diesel engine, set on "High Idle" to run the PTO transfer pump.

With a fuel access card, which is neither a credit card nor a universal card, (there are big differences) there is a way for your controller to know, to the penny, just like his petty cash, exactly how much your company paid for one of its largest operating costs: online, in real time, with gallons and costs reported by vehicle, by driver, by department, etc. You will know where every gallon of fuel went. Oil company credit cards can be shredded, "open accounts" closed, and yard tanks removed. Maintenance expenses will be cut, money tied-up in inventory released, and the ruinous costs for an underground fuel leak clean up and the inevitable law suits eliminated. The premium costs for pollution and slow-leak liability insurance disappear. EPA compliance auditors never need to show up. Magically, fuel consumption and costs are reduced and your bottom line profits increase.

Finally, employers don't want to catch a driver filling a spouse's car or padding an expense account because then they must confront the thief, and either discipline or fire them. It is much better to have a PIN activated fuel-only access card, which gives each driver access to only types of fuel and amounts permitted, closes all "gates" so that no one strays, and spares your company an expensive personnel problem, which might include grievance hearings or trumped-up law suits for wrongful termination or discrimination. ■