

CASE STUDY

at a Glance

Quantum Corporation makes its vehicle-use reimbursement program more equitable...and less costly

Solution: The Runzheimer Plan of Standard Vehicle Costs

Challenges

- Treat employees more equitably with one vehicle reimbursement program across North America
- Increase fairness by eliminating over- and under-payments
- Achieve goals without increasing costs

Results

- Increased fairness—reimbursements reflect each employee's true costs
- First-year savings expected to reach \$75,000

Situation

A quick internet search turns up 6,150,000 results for “employee management books.” Clearly there is a lot to know about managing people. But sometimes the simple rules work best.

“People always want to be treated fairly,” says Kelle Behrendt, global compensation manager for California-based Quantum Corporation, the leading global specialist in data backup, recovery and archive solutions. “It’s the right thing to do, and we find it makes good business sense.”

Recently the company leveled the playing field for business driving reimbursements, and in doing so, achieved two important benefits.

“We found ourselves in a situation where a portion of employees might be over-paid for vehicle use in a given month and, at the same time, others received reimbursements that didn’t fully cover their vehicle-related expenses, especially when fuel costs were spiking.”

According to Behrendt, there were multiple causes for these inequities. “For starters, we had two different programs,” she says. “Sales people received flat monthly vehicle allowances and field support personnel collected mileage reimbursements using the IRS rate. Plus, there were individual differences. Some employees drove a lot, some didn’t. Some were living in high-cost cities and others in lower-cost regions. Those differences, plus the two programs, made it hard to stay fair and equitable across all employees. We wanted to solve that problem.”

Solution

Quantum Corp. considered building its own IRS-compliant fixed and variable rate (FAVR) program. With the FAVR approach, vehicle reimbursements are calculated based on the region of the country, the fixed costs of vehicle ownership and the variable costs of operation.

“We ran a lot of models, but, with so many regional cost variations and individual driving patterns it got very complex,” says Behrendt. “Setting up a program like this isn’t in our area of expertise, so we decided to seek outside help.” After comparing a number of firms, Quantum Corp. decided Runzheimer International had the best solution.

“Runzheimer is very flexible. They took our vision and tailored a solution that gave us exactly what we wanted,” says Behrendt. “They also brought a lot of extras to the table—experience, tools and their data.”

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~ Kelle Behrendt
Global Compensation Manager

Solution

Based on Quantum Corp’s objectives and operational requirements, Runzheimer International structured a business vehicle reimbursement solution, including:

- The Runzheimer Plan for Standard Vehicle Costs—a non-taxable, FAVR program providing fair, equitable and defensible reimbursements that accurately reflect each driver’s true fixed and variable costs.
- Runzheimer On-line Mileage Logs—an easy-to-use service that minimizes paperwork and errors by enabling drivers to enter mileage over the web and helps administrators collect/analyze data.
- Runzheimer Payment Solutions—a secure and efficient service that reimburses Quantum Corp. employees via electronic funds transfer, helping the company reduce administrative burden and maintain timeliness of payments.

Results

“We’ve met our goal—fair and equitable for all drivers,” says Behrendt. “I think people intuitively understood that our old approach wasn’t fair. Now, based on the feedback we’ve received, people get it and they see why we made the change.”

According to Behrendt, cost savings was another benefit of the Runzheimer Plan. “We’re achieving a net annual savings of \$75,000,” she says. “Saving money wasn’t our goal. But once we realized that we would also save money, it helped us build support for making the change.”

Change can be a challenge, but according to Behrendt, “Runzheimer International did an outstanding job of presenting this program to employees. It was very easy for everyone to understand how the program works and why it’s a good thing,” she says. “We also received good input on how to address common follow-up questions and concerns.”

“Now that the program is up and running, the online reporting tool saves everyone time and payments are automatically deposited in employee accounts,” says Behrendt. “Benefits like that are additional improvements everyone can see.”

“Based on my experience, Runzheimer International has the most defensible solution,” she concludes. “On a continuum, we’re as close as you can get to fair and equitable across the board.”

About Runzheimer International

Founded in 1933, Runzheimer International serves 60% of the Fortune 500 and numerous government agencies. Recognized for providing innovative solutions relating to Total Employee Mobility[®], Runzheimer International is the global leader in workforce mobility programs including business vehicle, logistics, business travel, corporate aircraft, employee relocation and compensation, and virtual office.

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