

CASE STUDY

A large, stylized graphic of a gear or cogwheel, composed of white rectangular segments arranged in a circular pattern, set against a green background.

Medical manufacturing company saved \$325K annually

By simply updating their car allowance policy.

mBurse drives savings, helping a medical manufacturing company save more than \$128K annually

Background

A pharmaceutical and medicine manufacturing company in the Southwest paid 150 employees each a \$750 monthly (taxable) auto allowance. Employees were spread all over the country, and none of them did a large amount of traveling for their jobs.

The company also had some new drugs that had become held up within the FDA approval process. While waiting for them to go through, it became necessary to reduce costs wherever possible. Hence, they began looking for cost-cutting options that would save the company money without upsetting the sales force. Their fixed auto allowance became one of the first areas that they saw could be trimmed.

Problem

It wasn't a simple matter of slashing their auto allowance plan. They also needed to eliminate the tax waste inherent in a taxable auto allowance program, while still providing geographically cost-sensitive reimbursements. They looked at a mileage reimbursement plan, but found that, due to the employees' relatively small territory sizes, it wouldn't be very beneficial. They needed more flexibility.

Solution

The MBurse Plan provided the company with enough flexibility to deliver the savings while giving the employees an increased net allowance from the taxable plan.

Furthermore, they liked the fact that management could change the standard vehicle in subsequent years, to deliver even greater benefits once their drugs were approved and the company started performing better.

They also enjoyed the benefit of visibility of sales calls, which provided a great opportunity for sales coaching and development and maximized time management and efficiency for the company, saving even more money in the long run.

In the end, the company realized a 25% decrease in costs while delivering a 27% increase to employees using the mBurse Plan.

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Conclusion

mBurse's experience and expertise create smart business travel alternatives to solve complex problems, ensuring fair, equitable, and fiscally responsible solutions.

This case study features an mBurse client that requested their name removed due to their privacy policy of endorsing vendors.

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