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Run a Better, Smarter, More Efficient Fleet.

Today, fleet managers live in a world of fluctuating fuel costs, tight budgets and increased scrutiny. Average isn’t good enough. Fleet managers must find smart ways to reduce operational expenses, eliminate redundancies and improve their bottom line.

A best practice is simply the best way to do the job. The greatest fleet managers take advantage of effective best practices and all of the industry knowledge and technology available in order to ensure success.

In every fleet operation, regardless of size, there are many opportunities to control costs and reduce expenses without compromising on service, quality or reliability. It’s finding these opportunities, and taking advantage of them, that’s the difference between operating an efficient, productive fleet and an unpredictable, expensive one.

In this white paper, we’ll discuss five best practices every fleet manager should be actively employing to run a better fleet. While this list certainly isn’t exhaustive, it provides a starting point for making smart changes that will ensure long-term success.
It’s impossible to gain control over costs you can’t see, or don’t know exist. Understanding where the money is going is the first step to effectively managing it. The larger your fleet is, the harder it is to keep track of key aspects of your business that might slip through the cracks.

**Accurate and Timely Information is Your Greatest Weapon**

A fleet operation deals with an incredible amount of reporting on a daily basis – hundreds of parts, heaps of individualized maintenance checklists, and piles of work orders, purchase orders and warranties.

“That’s a mountain of information that needs to be accurately obtained, processed and analyzed. If you want to know which vehicles are operating efficiently, how long it takes for your shop technicians to complete a job, which tires are performing best or what equipment needs maintenance, you need to be tracking them.

Timely and accurate information is your greatest weapon in reducing waste, eliminating redundancies and preventing problems before they arise.”

―Joe Fiorelli, national/international fleet manager for the TBE Group¹
Nearly all aspects of your fleet’s operation should be closely monitored, including:

**Fuel:** Fuel is typically a fleet’s largest expenditure, and fuel economy can be impacted by nearly everything. Underperforming tires, bad preventive maintenance (PM), poorly planned routes, older vehicles and poor driving habits can all significantly reduce fuel economy. A fuel tracking system keeps your odometers up to date, keeps your preventive maintenance schedule on target, and allows you to see fuel totals and spending for each vehicle.

**Tires:** Another significant fleet expense, tires can have a big impact on overall costs. More efficient tires provide a better cost-per-mile, with the potential to save fleet managers thousands of dollars over the entire fleet. A good tire tracking system should track the performance of each tire and the cost per mile.

**Vehicles/Equipment:** Repair history, cost per mile, license and insurance information, and vehicle replacement are all critical to ensure PM stays on track. Good fleet software allows fleet managers to track vehicles or equipment by make, model, class, department, location or shop.

**Warranties:** Fleet managers can save thousands of dollars each year by simply recovering warranties. The best way to ensure warranty recovery is with a warranty tracking system that automatically notifies the mechanic if a part being replaced is under warranty, and tracks the claim until it is collected from the vendor.

**Parts Inventory:** Tracking parts inventory allows parts room managers to stock a more efficient parts room, allowing for better turnover ratio and elimination of obsolete or slow-moving parts.

**Customer Billing:** Fleet management software with a customer billing feature, which allows you to submit bills to individual departments, helps fleet managers keep their budgets on track.

**Driver Data:** Individual driver information can be an important tool in identifying areas that need improvement or analyzing which drivers need further training.

**Labor:** When time is money, fleet managers can’t afford wasted technician hours. Shop management tools show you how much time is actually spent on
value-add activities and which technicians may require additional training, allowing you to boost the productivity and cost-effectiveness of your shop.

**Total Cost of Ownership (TCO):** TCO information on individual vehicle makes and models ensures poorly performing vehicles aren’t consuming capital.

**Automatic Tracking with Fleet Management Software**

In order to make informed decisions about your fleet, you need to analyze the data. But in order to keep good records, you have to first create them.

Keeping track of the status of all aspects of your fleet is the first step to managing a cost-effective and well-run fleet.

Here’s where fleet management software comes in. Automatically gathering and storing critical information gives you an efficient way to see which vehicles are draining resources, which departments are producing better than others, and when equipment needs to be replaced.
Breakdowns are Your Worst Enemy

When vehicles or equipment are offline due to unscheduled maintenance, your operating efficiency goes down and costs go up. According to *Automotive Fleet*, maintenance costs rank second in terms of operating expenses, right behind fuel expenditures.²

Breakdowns can almost always be traced to poor preventive maintenance. Considering *vehicle/equipment downtime costs on average at least $100 per hour*, preventive maintenance is not optional for fleet managers wishing to maintain a profitable fleet.³ Component failures, especially in older vehicles or equipment, can have even greater downtime costs due to longer repair time.

Proactive vs. Reactive Maintenance

There are two strategies for dealing with maintenance:

- **Reactive Maintenance**, in which vehicles or equipment run until they break and require repairs; or
- **Proactive Maintenance**, which deals with potential problems before they arise by keeping vehicles and equipment in top shape, and on the road longer.

Unfortunately, there are still companies out there operating under the reactive maintenance strategy, largely because it requires less planning and supervision.
But the truth is, good PM practices can reduce costs related to unscheduled downtime repairs by at least 25%, while poor maintenance can lessen the life expectancy of parts or equipment by up to 30%.

A good PM system can also have a big impact on a fleet’s fuel costs. Consider these facts:

- Proper tire pressure can increase a vehicle’s gas mileage by 3%, according to the U.S. Department of Energy. If tires are under-inflated even by as little as 1 psi, it could throw off your fleet’s fuel economy.⁴

- Flushing out the fuel system on a regular basis prevents build-up of carbon deposits, which can negatively impact fuel efficiency.

- A clean and maintained air filter can increase gas mileage and engine efficiency by up to 10%.⁵

These are big numbers when multiplied over the size of your fleet. Simple preventive maintenance, done on a regular basis and specific to each vehicle or piece of equipment, is a guaranteed way to improve your bottom line.

**Invest in a Tool That Keeps Preventive Maintenance on Track**

Most fleet managers will recognize the need for preventive maintenance, but logistics can be a stall point. Managing individualized maintenance schedules and checklists for many vehicles and hundreds of parts is no easy task.

An effective PM tracking system gives fleet managers the ability to hone in on specific details that keep vehicles on the road, like flushing out the fuel system every 3,000 miles.

Well-designed preventive maintenance software can track every vehicle or piece of equipment with a wide variety of different PM schedules, which can be tracked by date, miles/kilometers, hours, fuel or other custom measurements. It should also allow you to link different PM schedules together so that when one maintenance service is completed, the related service is updated as well.

Other preventive maintenance features to look for include:

- Assigned parts kits for each vehicle so required parts are available and properly billed
• Options to schedule preventive maintenance to occur on a specific day of the month or at intervals

• Automatically created work orders for each PM, which saves time and reduces errors

• Reports to help with tracking your PMs, like past due PMs, PM from multiple locations, PM notification cards and PMs due within a certain number of days

• Preventive Maintenance vs. Other Maintenance cost ratio report, which shows if you are being thorough in your PMs (50% of repair cost should come from issues discovered during a PM)

Understanding the factors that cause vehicle downtime is made much simpler with good preventive maintenance software. By looking at the preventive maintenance history for each vehicle, you can determine ways to prevent problems before they take your vehicles off the road.

**Replacing Vehicles and Equipment**

Another component to proactive maintenance is knowing when vehicles need to be replaced. Robust fleet management software will include Vehicle/Equipment Age Tracking, which acts as both a reporting device and a projection tool, providing fleet managers with:

• Vehicle assessment reports that show a vehicle's true age in years of service and mileage

• Replacement reminders, which generate reports on which vehicles are reaching the end of their replacement standard parameters

• Projected replacement costs that take into account the number of vehicles needing replacement, the planned year of purchase and inflation costs

There is no way to avoid spending money on vehicle upkeep, but you can make maintenance activities more cost-effective with smart software tools that do the planning for you.

In the next chapter, we'll discuss more cost-saving practices that can have a big impact on your bottom line.
"Even small numbers can make a huge difference when it comes to cost savings. For example, minor speed adjustments can save up to $500,000 for a fleet of 100 long-haul trucks." ⁶

In Chapter 1, we discussed tracking all aspects of your fleet in order to get a handle on where resources are going. That becomes even more important when looking for areas to improve efficiency and cut wasteful practices.

Even small numbers can make a huge difference when it comes to cost savings. For example, minor speed adjustments can save up to $500,000 for a fleet of 100 long-haul trucks, according to Tyco Integrated Security.⁶

Here are some smart ways to reduce operating costs:

**Manage and Improve Driver Behavior**

Even something as simple as driving style can have a significant effect on fuel expenditures. Driver training should be mandatory and should teach drivers how to properly accelerate, brake and change gears, all of which will improve the fuel efficiency of your fleet – up to 20%, according to the EPA.⁷ Similarly, intelligently planned routes can also boost fuel efficiency, such as avoiding rush hour traffic or construction delays.

**Trim Fuel Expenses**

With fuel prices fluctuating as much as 39% each year, fuel expenses are one of the most difficult costs to get a handle on. Poor preventive maintenance, excessive idling and careless driving, and inefficient tires can all lead to an increase in fuel consumption. Tracking the miles per gallon each vehicle is capable of, and knowing if the vehicle is reaching its MPG potential, are keys to understanding which areas need improvement.
Manage Parts Inventory

A parts room that is packed with parts that don’t move quickly, or at all, can become a nightmare to manage and lead to redundant or obsolete parts purchases. Tracking which parts move quickly allows for a better inventory turnover ratio and a more efficient parts room. With the vast amount of parts coming and going each day, a good tracking and managing system provides a huge opportunity to trim waste and reduce overall costs.

Recover Those Warranties

Tracking warranties of vehicles and equipment is one of the easiest ways fleet managers can improve their bottom line. The most effective warranty tracking systems will automatically notify mechanics of parts under warranty, flag warranty items and assist in following up with the claim process by tracking the warranty through to completion.

Know How Shop Technicians are Spending Their Time

Labor is one of a fleet's most important resources and a poorly managed shop can really cost you. Tracking how technicians are spending their time allows you to gauge shop productivity and identify any areas that need improvement. Shop management and time tracking tools reveal how time is spent, if technicians are completing tasks in the appropriate amount of time, and – in the case of repeat jobs – if a technician may need additional training.

One of the biggest pitfalls when it comes to shop management involves the process itself. A mechanic may have the necessary skills to complete a job, but is slowed down by inefficiencies, like multiple parts runs or a poor shop layout. Making changes that improve process efficiency for every job will save you a significant amount of labor hours.

The key to making smart changes is having the data to both alert you to necessary changes and to inform you if they are working. Good fleet management software, with robust features like customizable modules and reporting for almost every operation, can help you streamline your fleet's daily operations and take advantage of its most important assets.
"Effective communication ensures that all staff members are aware of policies and procedures and are operating on the same page."

CHAPTER 4 | Open the Lines of Communication.

With so many moving parts, fleet operations can often get bogged down by logistics and let communication slip through the cracks. Effective communication ensures that all staff members are aware of policies and procedures and are operating on the same page, so to speak.

Poor communication can really do a number on your fleet’s operating efficiency. For example, do your drivers know what grade fuel each vehicle requires? Filling the tank with mid-grade or premium fuel can cost your company as much as 25 cents more per gallon, which can quickly add up and throw your fuel management program off track.⁸

Some ways fleet managers can improve communication and avoid these pitfalls include:

**Develop and Implement a Company Policy**

A company policy provides a framework for cost management and fleet performance, as well as ensuring consistency across all areas of operation. The company policy should address potential questions that your staff may have, like which non-fleet fuel products or services are restricted on fuel cards? What is the policy in case of an accident or speed violation? Who’s responsibility is it to inform the fleet coordinator of vehicle maintenance needs or safety issues? What are the expectations of each driver? It is essential to get buy-in on policies and procedures at all levels of the organization, and make sure all involved parties are aware of what’s expected of them.
Communicate Safety Standards

Safety training and orientation is one of the most important tools you can give your team. Each staff member should be fully aware of technical protocol like vehicle safety, vehicle operating, equipment usage, schedules and routes, as well as work standards, pre-trip and post-trip procedures and any other rules and regulations.

Perform Regular Driver Checks

One of your fleet's most important assets is your drivers. Quarterly performance reviews to address any concerns and regular trainings will help to eliminate confusion and ensure compliance.

Plan and Communicate the Best Routes

Operating on outdated or inefficient routes can make a big impact on your entire schedule, causing delays, increasing fuel costs and reducing the overall efficiency of your fleet. Fleet software can provide data information on the best routes, but it is also imperative that this information is communicated to drivers in a timely manner.

Provide (and Require) Ongoing Driver Training

The training and ongoing development you provide to your team is critical to the success of your fleet operation. Quality training from a qualified professional ensures your drivers are aware of safety guidelines and policies, and are well-equipped to handle unexpected situations.

Make Internal Communication a Habit

The fleet industry is always changing, especially as new technologies enter the scene and outdated practices die off. Regular communications with your staff, through email newsletters, usage reports and vehicle data, frequently asked questions and employee resources, help to keep everyone on the same page and ensures no one is left behind.
One of a fleet manager's responsibilities is to communicate how the fleet is performing relative to its goals. Having the necessary data to support your decisions and identify areas that need improvement is paramount to success.

Performance measures not only reveal your fleet's strengths and weaknesses, they can also help fleet managers make the case for more resources when needed.

**Measure Performance**

A Key Performance Indicator (KPI) is a type of metric that helps fleet managers measure performance against goals. KPIs can evaluate the success of virtually any activity, like accident frequency or the percentage of warranty work costs recovered. Fleet management software can provide the data needed to develop and track metrics, so fleet managers can develop benchmarks for improvement. The best fleet software will have built-in performance measurement tools, such as dashboards and KPI reports, that can be accessed by anyone in the organization, from the shop to the CEO.

**Automate Internal Processes**

One way fleet managers can reduce costs, save time and improve service is to standardize internal processes and administrative tasks. Fleet software can automate nearly every facet of fleet management, including providing preventive maintenance alerts, collecting and recording data, work orders, purchase orders and more. The more tasks that can be automated, the more time fleet managers can devote to improving their operations.
Keep up With Industry Technology

From new mobile devices to telematics, technology in the fleet industry is always changing. Fleet managers should invest time into staying current with new technology and industry improvements, whether that means attending conferences, participating in webinars or subscribing to industry news. Making an effort to keep looking forward is the only way to ensure you don’t get left behind.

“Challenge industry and internal norms, promote appropriate change, and execute flawlessly against approved change to actualize value. If we, as fleet managers, don’t challenge the current norms and promote change, then others will do it for us.”
—Fred Turco, Global Head of Fleet for Pfizer

Look for Areas Which Need Improvement

No matter how well-run your fleet may be, there is always something that can be improved. Careful data analysis and regular performance reviews can show fleet managers which areas aren’t performing as well as they should (or could) be. Fleet organizations that satisfy customers, are valued by management, and provide quality service while keeping costs competitive seldom are targets for outsourcing.

Invest in Fleet Management Software

Data-driven fleet operations will always be more successful than those that simply react to situations and problems as they arise. Keeping track of hundreds (or thousands) of parts, vehicles and pieces of equipment is nearly impossible without a software system.

Best practices by nature will change as the industry and its innovations change. Fleet managers who see the most success will take note of those changes and continue to analyze, assess and adjust their operations accordingly.

RTA Fleet software was designed around these best practices, and we are continually improving, updating and adding to our product to equip our users to be better fleet managers.
Ready to Get Started?

Learn how you can fine-tune your fleet management practices and streamline your operations by downloading a **FREE DEMO of RTA Fleet Management Software.**
Resources

¹ http://www.fleet-central.com/resources/AF52236.pdf
⁴ http://www.fueleconomy.gov/feg/maintain.jsp
⁵ http://www.dailyfinance.com/2011/05/26/ten-tips-to-improve-your-gas-mileage/