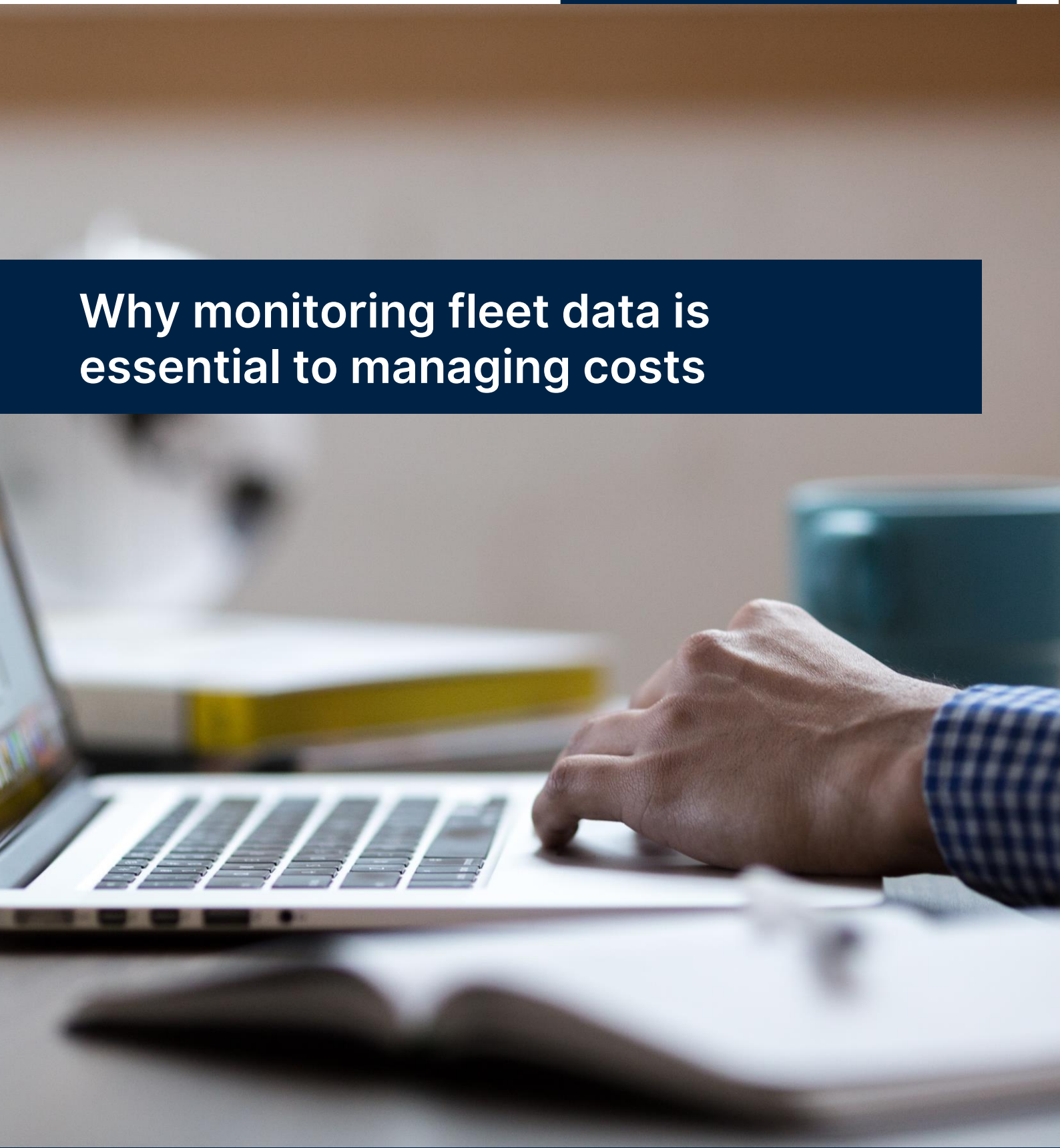
FleetCheck

Whitepaper

Why monitoring fleet data is essential to managing costs



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Introduction

If your company uses vehicles to carry out its activities, the chances are the cost of running those vans, lorries or cars is second only to payroll. For any business looking to stabilise or reduce operational costs, fleet is an area where the potential for economies can be significant.

Data is, of course, absolutely key to identifying and controlling costs. It can be tempting to gather and act on as much data as possible, but this can result in a confusing picture with no clear sense of where priorities for action should lie. It is often more effective to focus on a smaller number of key fleet metrics which are likely to result in the greatest savings.

These metrics can be broken down into four key areas:

- Fuel
- Service Maintenance Repair (SMR)
- Vehicles
- Drivers

Fuel metrics

With fuel typically representing around 30% of a fleet's operating costs and the recent huge rises in petrol and diesel prices, fuel is a priority in controlling fleet costs.

Many fleets are taking a whole range of measures to improve the fuel economy of their vehicles such as investing in more fuel-efficient vehicles and driver training. But it's vital to track fuel spend and usage to determine if these strategies are effective.

The two key fuel metrics to track are:

- Fuel consumption and cost per mile for individual vehicles
- Fuel consumption and cost per mile for individual drivers

Although it is possible to calculate these figures manually based on fuel receipts and odometer readings, integrated fleet management software will automatically do these calculations using data from fuel card purchases and onboard telematics data.

Armed with this data, it is possible to identify which vehicles and drivers are returning the best and worst economy and explore the reasons. Is there a fault or maintenance issue with a vehicle that is affecting its fuel usage? Could drivers returning the best fuel economy share their tips with those struggling to reduce their fuel usage? Are there any anomalies between fuel card spend and business miles driven that might indicate fuel theft?

SMR metrics

SMR is another very significant fleet cost, particularly at a time when vehicles are being run longer due to lack of new vehicle availability. There are four key metrics that will allow you to ensure your SMR operation is running as efficiently as possible.

The status of your preventative maintenance schedule

Routine preventative maintenance helps keep your vehicles on the road and maximises their lifespan. You need to know if any vehicles are overdue for their regular service or have uncompleted maintenance tasks. Is the on-time completion rate of your PM programme at an acceptable level or is it falling behind and so risking non-compliance and vehicle unreliability?

Repair turnover rate

Vehicle downtime costs money so it's important to monitor how quickly vehicles are in and out of the workshop. Are there hold-ups due to part availability? Are your technicians working as efficiently as you would expect or are there too many unaccounted-for hours?

Common Fault rates

What are the most common faults and inspection failures across your fleet? If you can see patterns of problems across many vehicles, you might need to adjust your PM strategies accordingly or investigate further with a manufacturer or supplier.

Tyre life

With tyre prices escalating and likely to account for nearly half of SMR costs in the near future, tyre wear should be monitored to ensure appropriate maintenance and close management of tyre costs.

Individual Vehicle Metrics

Each vehicle in your fleet represents a large investment so it's important to have a clear idea of the return each vehicle is making on that investment.

Total Cost of Ownership

Calculating TCO of a vehicle gives you the true cost of a vehicle and is probably the most important metric you should be tracking. It takes

into account the cost of buying or leasing, maintenance, depreciation, fuel and administrative costs such as insurance. Knowing the TCO allows you to make decisions about optimal replacement times and whether your current purchase or leasing options need reviewing.

Vehicle utilisation

Target utilisation rates will vary according to the demands of the business but
tracking average hours and/or miles per day for a vehicle will give you a good indication of whether your fleet is earning its keep. Whilst underused vehicles can be redeployed or sold, if all your vehicles have very high utilisation that might be a sign your fleet can't meet demand.

Driver Metrics

The behaviour of your drivers plays a key part in the overall performance of your fleet, helping determine not just fuel economy but also maintenance costs and vehicle downtime.

Driving style

Proactively monitoring driver behaviour allows you to identify if they are driving in ways that might be dangerous and detrimental to the fuel economy and optimal operation of the vehicle. Poor driving behaviour such as speeding, harsh braking and acceleration or excessive idling can be identified and addressed to improve safety and reduce maintenance and fuel costs.

Driver Penalties

Fines that your drivers pick up for speeding, parking or other infringements of traffic regulations are passed on directly to the vehicle owner. However, it's important to track which drivers are responsible for these penalties as it can indicate a serious lack of driving care and an increased risk for accidents. Driver education and even disciplinary action are needed to reduce the costs associated with penalties.

Incidents

Safety is critical to any fleet operation. Not only is there an obvious risk to life and limb, but the related costs of vehicle downtime and uninsured vehicle and property losses can be very high. Recording and analysing accident data such as speed, time of day and weather conditions can help identify trends and what training or technology might be most helpful in reducing accident rates.

Leveraging the data

Whatever metric you are tracking, the accuracy of the data you are collecting is of paramount importance. Manual systems for data collection are not only time-consuming but prone to user error. Using fleet management software that automatically tracks key data and can also integrate data from third-party systems such as telematics and fuel cards will guarantee the accuracy of your fleet data.

With the advanced reporting options available with fleet software, the data can be broken down and analysed to give a real-time overview of fleet costs. This data is of enormous value to your business. It can guide your decision-making and help select KPIs to measure the impact of your cost-saving strategies and where further improvements can be achieved.