

## Reviewing the private truck fleet

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### **Managing a fleet is a dynamic, skilled responsibility. Does your company have what it takes?**

There is still a very heavy dependence on private fleets in today's business, whether it is for small package courier type, regular van or specialized service requirements. Private carriage remains the largest sector of the Canadian trucking community, accounting for more than 60% of heavy trucks on the road.

Should you presently operate a private fleet, ask yourself when was the last time your company conducted a review of these operations. Does senior management understand the role the fleet plays?

#### Cost Analysis

Our experience is that many firms with private fleets do not capture the right data to conduct a complete and proper review of their costs. You need to be able to capture all cost parameters, including all fixed and variable costs such as leasing, maintenance, tires, fuel, driver wages and fringe benefits, insurance, and permits. Be sure to include all costs related to your fleet including any support staff related to the operation. Wages and benefits, fleet buying/leasing expenses and fuel will be your major expenses but what about such things as driver uniforms, training, log books, meals and lodgings?

#### Operational Review

How good is the data related to the operation of your fleet? You have to be able to measure the performance of fleet operating costs using operational data such as number of customer drops/deliveries, mileage/kilo- metres driven, driver hours, weights, number of skids, dollar value of product handled, and perhaps some measure of the utilization of the trucks. This must be done for the entire fleet and by branch/plant location.

Conduct a thorough review of your drivers, wages and benefits, and hours of operation. Do you offer any performance bonuses/incentives for safe driving, achievement of service levels? If not, why not? If so, are they realistically achievable?

What is the right vehicle needed to properly service your customers? Do some of your customers have conditions of delivery that force you to use a less optimum piece of equipment? Some tough decisions might have to be made in these instances.

#### Fleet Policy

You need to have a complete understanding of your company's delivery policy and standards. Who sets this policy and how often is it reviewed? Is it a policy based upon marketing or operational efficiency? Who has authority for this in your company? Is someone responsible for the finances and another for the operations? If so, do both of these people dialogue on the effectiveness of the fleet? Are either equipped to understand the results and how to work toward improvements and providing solutions?

When is the ideal time to replace equipment? What is the process? Is it a formalized replacement process or a "gee the equipment looks a bit tired" decision? Should equipment be purchased or leased? What options and strategies have you explored in this area? Do you know the players who can help provide these services?

What charges will be directed to the customer, if any? Is this an indirect or direct cost on their invoice? How much should you charge and is it competitive? Can you arrange to take some of those annoying customer pick-ups and convert them to seamless, affordable deliveries using your fleet?

### Standards/Benchmarking

You need to start taking measurements on costs and operational data immediately if you are not already doing so. This will enable you to begin to develop some performance standards/goals for such things as cost/mile, cost/ton mile, on time delivery performance, vehicle and route utilization, and fuel consumption. Develop an on-going management information system in order to track and review cost parameters related to your private fleet. This alone can help you in the determination of a vehicle replacement cycle for trucks, trailers, tarps, tail-gates.

Do you service your customers within your corporate service standards? Are your truck/fleet/vehicle routes properly laid out? There are many tools available to help you plan, control, monitor and direct your fleet, including on-board computers, routing software, and operational/fleet maintenance software. Routing software, for example, could help determine if you have proper routing and also in identifying under-utilized equipment and lanes and back-haul opportunities.

While benchmarking within the industry may be difficult, you can at least begin to take measurements on your fleet and track and compare your own performance over time.

### Evaluation

Some of the areas that might need attention include driver wages and a review of how you pay the drivers - what makes sense for the market and for the operation. Maintenance of trucks/trailers might include a review of a flat rate versus a step-up rate maintenance agreement, if outsourced. Make sure that your evaluation helps confirm that you're getting the best price for fuel and look for savings opportunities in reduced idle time, speed monitoring and improved vehicle specifications.

Review the entire process and any outsourcing potential for drivers, maintenance, leasing/ownership, financing in whole or in part.

If you cannot properly evaluate the strengths and weaknesses of your fleet operations you may never know what it will take to remain competitive.