The key to success in managing your fleet is knowing what data to measure when and how

BY MAGGIE LAIRD

Managing your fleet goes beyond just maintaining the equipment and vehicles you own and operate; it is an internal and integral service to your company. It has evolved from “kicking the tires” to managing equipment intelligently. This evolution calls for you to manage your fleet efficiently, purchase it effectively and ensure it is maintained properly. Real-time data provides you with the ability to monitor the total cost of owning and operating your equipment. A system allows for the tracking of the necessary information to ensure the efficient use of resources and allows for monitoring adherence to processes, procedures and policies. Accurate information is imperative to managing today’s fleet.

There are many different types of fleets and many different models on how to manage and maintain them. This includes models such as “maintenance-management-focused,” “activity-based costing-focused” and “fleet-management-focused.” Regardless of the organization’s focus, all fleets track costs at some level. The difference in management models comes from the focus: what information you need to report on and what performance indicators are being tracked. The basic data for all models are the same: unit information, maintenance costs and fuel costs.

Organizations that are maintenance-management-focused track the total cost of parts, fuel and labor as three budget line items, but historically do not track the costs to the individual unit level. This model primarily focuses on maintaining and servicing the entire fleet while providing the customer with the equipment they need when they need it. They expense parts and fuel when purchased but do not track or manage the inventory. Fuel may be available on site, purchased on the road or trucked in to a construction site, but typically it is not charged back to a specific unit. The focus is keeping the unit in service more than managing the assets.

Activity-based cost models track all the costs of ownership and operation to both the unit and the project to which the unit is assigned. Average cost per hour of operation by type of equipment and/or use of the equipment is necessary when bidding on projects or tracking the true cost of the equipment used on a project.

Fleet-management-focused models include tracking all related costs at the specific unit level. These costs include capital, fixed, overhead, maintenance and operating. This model incorporates all aspects of owning and operating equipment. Management monitors the total costs and makes decisions based on the time and dollar investment. Fleet-management-focused models include asset management, utilization management, maintenance management, inventory management and fuel management.

Regardless of the type of fleet you have, whatever your focus, costs are escalating and fleet managers are being required to manage their fleet, not just maintain it. How you categorize and report accurate maintenance and operating data allows you to manage your fleet. The key to success in managing your fleet is knowing what, when and how to measure.

To measure anything, it is important to have accurate and timely data. Fleet systems are a valuable tool for processing data. This processed data allows the fleet manager to analyze the costs and identify which are controllable and which are noncontrollable. Recognizing the different types of costs, minimizing the noncontrollable costs and managing the controllable costs is the first step in making your fleet more cost-efficient. The bottom line comes down to dollars and sense.

WHAT TO MANAGE

Managing fleet equipment and vehicles encompasses all economic factors associated with owning the units. That should include which units to purchase, when to maintain them, determining vehicle availability, staffing the maintenance facilities to support the operations and making the decision on when to replace the fleet and with what. Total cost of ownership includes capital costs, maintenance and operating expenses, overhead costs and regulatory costs. Tracking all the costs of your assets is necessary to make these decisions.
Acquisition and disposal has an impact on the daily operations of the fleet. The size, age and mix of the fleet—as well as the current operating processes—have a major impact on the cost of operations and the cost of ownership. It is vital to invest in the right equipment initially, plan (with the appropriate dollars allocated) for its timely disposal and replacement, and only own or lease what is actually needed. Keeping equipment past its service, technological and economic life results in higher maintenance costs.

Utilization management is threefold. First and foremost, the goal of utilization management is to balance under- and over-utilized equipment and vehicles for a more efficient and cost-effective use of the fleet assets. Managing the use of the equipment—whether it is daily, by mile or by hour—requires tracking accurate usage readings. Secondly, identifying the right type of equipment for how and what it will be used for is critical. Finally, tracking the utilization by project or activity provides for better cost accounting and projections.

Shop management is the balancing act for scheduling equipment availability, personnel, facility space, service trucks and vendors, or deferring the workload to a future date and time. Managers rely on their fleet system as the official shop communication and tracking tool for scheduling work through the facility. The best maintenance organizations have real-time communications between users and shop personnel.

Having and sharing a published schedule for preventive and predictive maintenance allows users to plan their work and minimize frustration. It also allows for parts personnel to obtain the necessary parts to meet the scheduled services and minimize downtime for both mechanics and users.

Keeping track of future maintenance requests and those that can be deferred to a later time can help the shop supervisor determine the manpower needed. It can also help determine if the requested repairs will be done in-house or need to be sent to an outside resource. Assigning tasks to individual mechanics helps the supervisor identify workload and assign the mechanic with the best skill set for the repair.

A preventive maintenance (PM) program is more than an oil change on a schedule. It is designed to prolong vehicle life, predict failures and identify safety issues. Additionally, periodic inspections must be performed to obtain the most economic and useful life as well as maximize the availability of your equipment. In some cases, failure to do PM inspections as defined by the manufacturers can void your warranty, costing you more in maintenance dollars.

Historically, key performance indicators for a PM program have been based on whether or not the service was performed on schedule. Although this is important, it is also important to look at the quality of the service and to monitor if the inspections identified problems before there was a costly breakdown.

Maintenance on demand, breakdowns and driver reports can be expensive. To better manage and control the costs of
Truck & Fleet Equipment
PM Projections
9/30/2013 to 10/31/2013

Table:

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<th>Unit Number (Category) Site</th>
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<td>10/24/2013 Days</td>
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* Note: Projected due dates based on metric measurements are calculated using average daily statistics for the previous 12 months.

>> PM projections report shows upcoming PM schedules and services

maintenance, you need to track the type of repair, the reason for the repair, the frequency of the repair and the corrective action. Tracking the maintenance dollars to the VMRS code provides detailed cost and maintenance data for the type of repair. Knowing if the unit or component prematurely failed, if there was storm damage, if the unit was involved in an accident or incident, or if the repair was due to statutory regulations answers the reason for the repair. Tracking costs by reason helps identify the controllable and non-controllable costs. Tracking the repetition of the repair provides data on the effectiveness of the corrective action.

Parts inventory enables equipment to be maintained, but having one of everything that goes on every piece of equipment you own is not practical or economical. Having no inventory and calling every time you need a part doesn’t work well either. Inventory is an asset, and you as fleet managers have to balance the need against the cost of the inventory on the shelf.

Finding the right balance takes planning, scheduling, good partnership with vendors and suppliers, and requires accurate and timely data. Having a fleet system that warns the parts staff stock parts need to be ordered is good planning. Tracking the usage of the parts to determine appropriate stocking levels is necessary. Monitoring the parts turns can also help identify the correct stocking levels and allows you to budget accordingly. Tracking the purchase price history on an individual part will alert you to price increases or an incorrect pricing from the vendor.

Returning obsolete parts or selling them with the last piece of equipment they fit can put money back into the budget, provide space for new stock items and keep your inventory fresh. Physical inventory should be done at a minimum annually, with random inventory checks throughout the year. Inventory should be kept at optimum operating levels, in secure areas, with

>> PM compliance graph shows a scorecard of PM compliance vs. plan
checks and balances in place with accurate and auditable records of all activity. All new and used parts should be tracked through your fleet system.

Fuel costs impact the bottom line of every fleet operation. Whether you purchase fuel at a merchant service station or you carry it as an inventory item on-site, the need to track fuel is vital. Tracking fuel consumption and the frequency of fueling provides important data. Most fuel systems can also record the meter reading as well as the fuel quantity by transaction. This information should be incorporated into your fleet system.

Maintaining your fleet requires parts and labor. Managing your fleet requires complete, accurate and timely data. Your staff needs to know how to enter the information needed, understand the importance and timeliness of the information, and how to retrieve the information. You need the tools to monitor, evaluate and manage your operation.

Your fleet system should become your management tool and include modules and features that track acquisition costs, maintenance, and operating costs and fixed costs to monitor and manage the total cost of ownership. The system should also be a shop management tool for daily operations in the maintenance and inventory facilities, and should have options for data integrations. Your system should become a daily resource for all members of your staff.

Whether your fleet is rolling stock, track equipment, construction equipment, small engines, auxiliary equipment or any combination, tracking the total cost of ownership, maintenance and operation is imperative. You can't manage what you don't know. You can't manage what you don't measure. EM

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