

A man with a shaved head, wearing a grey t-shirt and blue gloves, is leaning over a piece of medical equipment. He is looking down at the equipment with a focused expression. The background is a clinical setting with blue walls and a green light. The text "WHY CHANGE?" and "EBOOK" is overlaid on the image.

WHY CHANGE?

EBOOK

WHY CHANGE?

THE FLEET WORLD IS EVOLVING.

NEW TOOLS AND THINKING CAN
TRANSFORM YOUR FLEET PERFORMANCE,
EFFICIENCY, AND SAFETY.



**ARE YOU
READY TO
EMBRACE
THE POWER
OF DATA?**

PEOPLE TEND TO LIKE THINGS THE WAY THEY ARE

There's a reason why we often refer to the status quo as our "comfort zone." Change can be challenging, but complacency can be far worse. The best companies in the world are ones that use innovative thinking and new technologies to move forward and gain a competitive edge. Companies that fail to continually improve run the risk of becoming irrelevant. And that includes the many aspects of fleet management.

Why is fleet management important?

Many organizations still haven't embraced change because change is often more complex than selecting a new fleet partner or technology tool. It requires a new mindset that views fleet not as a series of transactions or costs to be paid, but as an investment that drives revenue and powers your business forward.



CHANGE IF YOU NEED TO

Change for the sake of change isn't the right answer, either. The fact that change often involves some disruption means you owe it to yourself and your organization to appreciate when, how, and even whether to change.

This eBook is written to help fleet professionals evaluate the need to change. If you follow the **four steps** in this eBook, you will understand how best practices drive positive changes in efficiency and revenue.

01.

STEP 1 DEFINING FLEET SUCCESS

Ask yourself what your ideal picture of fleet success looks like. Do you have the tools, people, and partnerships in place to achieve it?

02.

STEP 2 MEASURING FLEET SUCCESS

What goals do you need to reach in order to optimize fleet performance, and how will you measure your success? Do you know?

03.

STEP 3 KNOWING THE ROADBLOCKS

Make a list of the roadblocks you're facing and the pitfalls you need to avoid, like focusing on a series of transactions rather than developing a long-term strategy.

04.

STEP 4 UNDERSTANDING THE RISKS

Quantify the risks of changing versus the risks of the status quo. Is there a business case for change? Can you reach your goals without changing?

STEP 1

DEFINING FLEET SUCCESS

No two fleets are the same. But all fleets share five common opportunities to produce a reliable, efficiently-run fleet:

- Effectively manage downtime, spend, and risk.
- Transform millions of data points into actionable information.
- Maximize opportunities to drive savings, efficiency, and business value.
- Capitalize on disruption for improved financial performance.
- Manage fleet not as a cost, but as an investment. (See step 2 below)

Where do these opportunities exist in your fleet? If you're not sure, you face a real risk of falling behind your competition.

TAKE A HOLISTIC VIEW

Another point to remember when defining success is that the four phases of the fleet life cycle – Buy, Drive, Service and Sell – are all interconnected and impact each other. For example, a successful remarketing program begins before a vehicle is purchased. Why? Because unless a vehicle is precisely spec'd for its task, it will wear out faster, require more maintenance, and provide a lower return when it's time to sell. That's the kind of holistic thinking that can help you enhance your capabilities to improve fleet decisions.

STEP 2

MEASURING FLEET SUCCESS

You need to set clear goals in order to assess your progress toward success. That may seem obvious, but identifying your goals and the best methods to achieve them takes some thought. For example, your fleet goals may not align with your organization's objectives. You may also have goals that are set for you, like a specific reduction in spend amount. Whatever your ultimate fleet vision looks like, think about the steps you should take to make it a reality.

START WITH SPEND

Fleet spend is one of the top indirect spend categories for many organizations, so it's a good place to start. As your first step, break these two common bad fleet habits:

AVOID: TARGETING INDIVIDUAL SPEND CATEGORIES

INSTEAD: APPROACH SPEND HOLISTICALLY

You cannot optimally manage your fleet in silos, since each stage of the vehicle lifecycle impacts the overall result. If you have escalating repair costs, look at your overall maintenance parameters or your vehicle replacement schedule to identify the cause and solution.

AVOID: FIXATING ON FLEET MANAGEMENT FEES

INSTEAD: FOCUS ON YOUR ACTUAL VEHICLE COSTS

Every dollar matters, but remember that fees generally account for five percent of total spend. The real opportunities to reduce costs are waiting for you in the remaining 95 percent of your budget.



SHIFTING YOUR MINDSET

If you view fleet primarily as a cost, you're missing the big picture. The importance of fleet management is that it is an investment with one main purpose: ***delivering the goods and services that are core to your business.***

This chart shows examples of “fleet is a cost” versus “fleet is an investment” across the vehicle lifecycle. If you’re currently aligned with the former, are you willing to consider a change in your thinking? The latter approach has been shown to significantly improve fleet performance.

	COST MINDSET	INVESTMENT MINDSET
BUY	I want to save money on my orders this year, so I’ll price shop upfitters. I serve as the conduit between all supply chain partners. If there delivery delays, I rely on rentals to bridge the gap.	I verify the vehicle specs align with today’s job needs. To minimize delays and rental expenses, we use upfitters and other partners that collaborate closely until vehicles are delivered.
DRIVE	Budgets are tight, so I can’t justify the upfront cost and downtime to install telematics devices. With less resources, I also don’t have time to do anything with the data. The reports I have now are sufficient.	Since I have the right tools to act on my data, I can quantify the value to my company in dollars and risk avoidance. Our devices will pay for themselves, plus we can leverage OEM-installed options to avoid downtime and installation expenses.
SERVICE	I need to get my maintenance costs under control. I periodically review approval limits and authorization procedures to help control and reduce purchase order totals.	I use data to be proactive, moving from a “break and fix” maintenance approach to “predict and prevent.” We also have a replacement strategy to cycle out aged units before major failures occur.
SELL	I need to get vehicles off my books by the end of the year. I don’t have the time to handle sales to employees, plus I have relationships with the best auctions in our regions.	I ensure vehicles are replaced at the most cost effective age and mileage points, and we cycle them out at the right time of year to produce the highest returns. We rely on specialized remarketing partners to sell our vehicles across a variety of channels for maximum return.

STEP 3

KNOWING THE ROADBLOCKS

Fleet professionals face common challenges. Chances are, you're having to do more with less support and fewer resources. You're dealing with disruptive changes and technologies. And you're digging through mountains of data for actionable insights that can lead to meaningful and measurable improvements.

You can't move forward until you recognize these challenges. But you're not alone. A recent survey of fleet managers revealed these key points about their current reality:

- More than 50 percent have other duties and roles that compete with their fleet responsibilities.
- 1 out of 3 believe their organization is not effectively using data to make decisions.
- The majority want strategic partners that intimately understand their business challenges.

Do any of these points resonate with you? Remember that the best way to tackle these roadblocks is by having the right tools at your fingertips and the right partners in your corner.

STEP 4

UNDERSTANDING THE RISKS

You've heard stories about famous companies that faded into history because they failed to embrace the future. Of more immediate concern are your competitors. They're taking steps to remain relevant, working to become more efficient and make their companies more profitable. As it says on the cover, they're using new tools and best practices to transform fleet performance. ***What about you?***

KNOW WHERE YOU STAND

The use of best practices is essential for optimizing fleet performance. The chart on the next page lists common practices for a range of fleet categories, along with the recommended best practices. Take a minute to get a better idea of where your fleet stands now, and which areas you can target for improvement.



FLEET CATEGORY	COMMON PRACTICE	BEST PRACTICE
Replacement Strategy	Using a simple age and mileage method.	Using data-enabled cost performance analysis to craft an optimal replacement strategy by vehicle type.
Finance Strategy	Looking strictly at lease versus purchase costs.	Basing funding decisions on long-term capital and financial outlook.
Replacing & Acquiring Vehicles	Following a uniform ordering process for all vehicles. Reviewing specifications every few years or only when bidding upfitters. Managing the administration that comes with multiple supply chain partners.	Evaluating vehicle design by specific job roles, and analyzing total cost of ownership. Frequently aligning specs with job needs prior to large orders, and working with upfitters that perform site visits and specification reviews. Aligning with stable supply chain partners that communicate on your behalf, saving you time, money, and downtime.
Telematics	Installing devices in a small population of vehicles and performing minimal data analysis.	Installing devices or activating OEM options in all vehicles and setting up alerts to act on data quickly.
Driver Risk Assessment & Safety Training	Running motor vehicle reports annually or at the time of hire. Assigning standard training modules to all drivers. Assigning a fleet policy module with a simple acceptance.	Investing in continuous report monitoring to accurately gauge risk and exposure to your company. Assigning specific modules based on driver assessment results and scorecard. Assigning a fleet policy module with a quiz that requires a perfect score.
Maintenance & Repairs	Measuring spend using a cost per mile method. Managing costs through preset controlled authorization limits	Measuring spend using maintenance cost per gallon (mCPG) to reflect utilization and idling wear. Managing costs through predictive analytics for repair versus replace decisions, and cycling out aged vehicles before costs increase.
Fuel Control	Using a fuel card that doesn't offer the flexibility to properly control fraud.	Using a real-time solution that allows for flexible card profiles, offers daily, weekly, or monthly transaction limits, and limits based on time of day and product categories.
Remarketing	Relying on a limited number of sales channels and not offering vehicles to employees.	Selling vehicles using a multi-channel approach that includes auctions, virtual markets, employee sales, and equipment opportunities.

The Holman Performance Index can provide a more detailed analysis of your fleet and identify specific areas in need of improvement that can help establish a business case for change. Visit holman.com to learn more.

STEP 4

UNDERSTANDING THE RISKS

KNOW WHAT YOU NEED

Do you currently have everything you need to succeed? Or are there other ways that should be explored? Do you have a partner that is properly supporting your success?

Any fleet partner can support administrative needs, like contracts and fuel cards. They can also generate reports on current fleet operations.

But that's no longer enough. In today's world, you need a forward-looking partner that will help you anticipate and plan ahead. Data without action is simply a collection of numbers. But business intelligence empowers you to make decisions that align with your company's business strategy, generate revenue, and stay in front of the competition.



ARE YOU READY?

There is a reason why habits are hard to break. They help us respond quickly and consistently to recurring situations. But they can also get in the way and blind us to new opportunities. Deep down, you know that change is inevitable. And in a world where the pace of change is dizzying, the risks of falling behind can't be ignored.

Are you ready to embrace the power of data to optimize fleet performance? We have engaging customer stories that show the proven, bottom-line benefits of making that change.

Visit holman.com to learn more.