Holman

Driving What's Right

MANAGING DOWNTIME AND DRIVER PRODUCTIVITY



Managing Fleet Downtime & Driver Productivity

Simply put, it costs you plenty when a driver can't use their fleet vehicle. Unexpected downtime due to mechanical problems and accidents results in hard costs to your fleet that can be easily measured (ex. towing, repairs, and rentals). The soft costs, such as lost productivity and revenue, can have a significant impact on your entire organization as well.

Finding a way to track and limit downtime through proper preventive maintenance, advanced analytics and proactive downtime tracking lowers your overall day-to-day operating costs.

It also controls a vehicle's total cost of ownership and your organization's overall bottom line.

Managing Downtime

MULTIPLE VARIABLES IN THE VEHICLE LIFECYCLE

Do you have a method for managing downtime when fleet vehicles are out of service? Downtime is expensive, whether it's due to unforeseen repairs, accidents, and/or sudden catastrophic failures as a result of leaving a vehicle in service too long.

One of the most direct ways you can minimize downtime is to adopt and adhere to a preventive maintenance (PM) schedule. An effective routine maintenance schedule leads to fewer unforeseen mechanical issues and longer vehicle lifecycles. But there's even more you can do to keep vehicles running and on the road.

When you integrate all of your fleet data, you can use advanced analytics to avoid downtime:

- 1. Determine if the vehicle is properly spec'ed for the job
- 2. Predict when failures may occur and avoid unexpected repairs
- 3. Develop a cost-effective replacement cycle



The Hard & Soft Costs Of Downtime

When your fleet vehicles are down for any reason, planned or not, it costs you time and money. Downtime takes not only the vehicle off of the road, but the driver as well. If the anticipated downtime is not long enough to justify a rental, the driver could miss hours of productivity, costing your organization missed revenue.

HARD COSTS

are expenses found on your expense report. In the case where a vehicle breaks down, the hard costs you would accrue include towing and repairs, plus a rental vehicle (if needed).

SOFT COSTS

are expenses not found on your expense report, but with the right information, you can quantify these indirectly. Fleet costs you would accrue during downtime are lost productivity and missed revenue.

The cost associated with rental vehicles can grow exponentially, depending on how long the repair takes. Additionally, if the rental has more enticing features than the fleet vehicle, the driver may take longer to return it. Geo-fencing used with your telematics will alert you when a vehicle has left the repair shop perimeter. This is a surefire way to enhance your ability to monitor when rentals should be returned.

Both vehicle downtime planning and driver productivity management can help eliminate some of the soft costs. For example, planning maintenance when you know a driver won't need the vehicle, such as during training or time off, can eliminate otherwise lost productivity or revenue.

Calculating Downtime Costs

| SOFT COST | The cost of disruption You have a driver heading to a service call when the vehicle breaks down and needs a tow. Add up the time lost from the moment the vehicle breaks down to when the driver gets in a rental and back on the road. Then when the vehicle is finally repaired, the driver will lose productivity while dropping off the rental and picking up the vehicle from the shop. These disruptions to your driver's service schedule are soft costs – a real cost to the business, but not visible on your fleet expense report. This cost could be much higher if you account for lost revenue because your driver had to reschedule any impacted client or service appointments to another day. | 2 hours on 2 days for breakdown and pick up ~4 x \$175 = ~\$700 |
|----------------------------------|---|---|
| HARD COSTS | Rental vehicle costs Hard costs associated with downtime are those that can be easily calculated on your balance sheet. In addition to the cost of the tow and repair, you need to include rental vehicle costs. | 4 day rental ~4 x \$60 = ~\$240 |
| COMBINED HARD & SOFT COSTS | In addition to the cost of the repair | ~\$940 |

Managing Downtime

Preventive Maintenance

It will come as no surprise that if you implement a sound preventive maintenance (PM) schedule, you will achieve a more efficient, more cost-effective fleet. It might be hard, however, to understand the impact that not conducting the recommended PM service can have on your fleet.

Often, in an effort to reduce costs, fleet managers extend the intervals between simple but important preventive measures (like oil changes and tire rotations) – sometimes well beyond the manufacturer's recommendations. While that may save you a marginal amount of money in the short term, it can have drastic and profound effects in the long term. This can impact your organization's budget more significantly than the simple cost of regular PM.

In fact, extending maintenance intervals may create a critical gap where engine and powertrain failures occur prematurely. To summarize, PM ensures vehicles receive the attention needed to operate efficiently and reduce the number of trips to the repair shop for breakdowns.



AVERAGE MAINTENANCE \$ PER UNIT PER MONTH

al Expense for Late PM

Extending time between simple preventive measures may save some money in the short term, but can have profound effects in the long term. You need to establish a preventive maintenance schedule that works best for your fleet. Unfortunately, to make it easier for drivers to follow a preventive maintenance schedule, some fleet managers apply consistent oil change intervals across the entire fleet.

WHEN MANAGING PM SCHEDULES, YOU SHOULD NEVER TAKE A ONE-SIZE-FITS-ALL APPROACH. IT IS IMPORTANT TO GROUP VEHICLES BY SEGMENT OR CLASS, SPECIFIC JOB FUNCTION AND OPERATING CONDITIONS.

Consider the conditions under which the vehicle will be operating. If a vehicle will be carrying extra weight, be subject to long idle times (e.g. a delivery vehicle) or operate off-road or in adverse conditions, you should adjust the PM schedule to account for this. If need be, schedule maintenance and repairs during off hours. Also, a flexible provider who can offer PM service when the vehicle is scheduled to be off the road is a simple way to lower overall downtime.

FACT PROPER PREVENTIVE MAINTENANCE MEANS *LESS DOWNTIME* AND *LESS FINANCIAL LOSS* 02.

Using Analytics

When it comes to managing downtime, you can orchestrate telematics, integrated data and advanced analytics to identify trends and control costs in ways that were never before possible.

You can now use this data to gain a deeper insight into operations and a more intricate understanding of where problems may exist. This is critical to being able to make significant changes that lower downtime and improve total cost of ownership. Additionally, technologies such as telematics and geo-fencing provide even greater transparency into the overall process.

THE OLD WAY

Companies could only guess how long repairs would take, and calculations were on arbitrary milestones – such as when a vehicle entered the shop, when the repair was finished, and when the vehicle was returned to the driver. While this was accepted as standard practice, it was less than ideal. It did not account for the amount of time a vehicle may sit on the lot waiting to be serviced, or how long it might sit after the service or repair was completed.

THE NEW WAY

GPS technology has revolutionized downtime tracking, giving companies greater information and capability to move vehicles from the shop back into service quickly. Technology now exists that allows a fleet manager to receive a notification in real time whenever a vehicle crosses the property line of a repair shop. Search functionality can display the exact location of vehicles and establish notification parameters when vehicles are down for maintenance past a certain timeframe.

SUCCESSFUL DOWNTIME TRACKING GIVES YOU VISIBILITY TO EVERY VEHICLE AWAITING REPAIRS.

This transparency helps you expedite repairs instead of waiting to receive the details from the driver or repair facility. You can monitor repairs closely so drivers can return to the road faster and continue generating revenue for your organization.

03.

Have The Right Vehicles For The Job

Having the right vehicles on the road and knowing when to take those vehicles out of service altogether is also important to managing downtime. Data integration and analytics come into play here as well, because the data your fleet provides can help pinpoint small issues that over time could develop into larger problems and extended downtime. Using that insight to develop a solid replacement cycle that supports the functional needs of your fleet will lead to vehicles remaining in good working order to better support your business and serve your customers.





CONCLUSION

DOWNTIME CAN BE MANAGED

Modern technology and advanced analytics can help you gain insight to your fleet's current operations and potential future challenges.

THIS CAN HELP:

- Quantify exactly how much downtime is costing your organization.
- Figure out what steps you need to take to prevent downtime (such as implementing a solid PM schedule).
- Establish a process that can strengthen your fleet and prevent downtime (such as developing a consistent replacement cycle that removes unreliable vehicles from your fleet altogether).

THE INVESTMENT MADE INTO TECHNOLOGIES AND PARTNERS WHO CAN SUPPORT THIS KIND OF ADVANCED ANALYTICS IS WORTH THE INVESTMENT AND THE PEACE OF MIND KNOWING YOUR FLEET CAN SUPPORT YOUR BUSINESS AND ITS GOALS.

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ABOUT HOLMAN

The Holman story started nearly a century ago in 1924 with one Ford dealership in Pennsauken, New Jersey. Even then, the company's purpose went beyond just cars and trucks, sales and profits; it was about people.

Today, Holman is one of the largest family-owned automotive service companies in North America. Our headquarters stands in Mount Laurel, New Jersey, and our 6,000+ employees are in all corners of North America, the UK and Germany.

Our seamlessly integrated teams and systems deliver a unique spectrum of automotive services: fleet leasing and management, vehicle upfitting and accessories, parts and logistics, commercial and retail vehicle sales, and commercial and personal insurance and risk management.

Rooted in the Values and Principles of The Holman Way, we are continuously Driving What's Right.

Learn more at holman.com

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