



FLEET MANAGEMENT

Heavy Truck: A Guide to Fixing Your Broken Fleet Strategy

Financing, fleet operations management, and maintenance are only the tip of the iceberg for trucking fleets, but they are also main tenants that affect many other aspects of the fleet. Turbocharging those three aspects can help your fleet perform at its best. This whitepaper gives a quick look at how to make sure these areas of your fleet are running smoothly.





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Managing a trucking fleet today is more challenging than ever. New technologies are constantly emerging and powertrain designs are becoming increasingly complex. These megatrends are reshaping all aspects of trucking in North America. But with new leasing and fleet management opportunities, trucking companies can access powerful tools to maximize their performance.

Most often fleets use leasing to finance equipment updates. Unfortunately many leasing companies are still locked into older business models. These offer blanket solutions that don't always work for an increasingly dynamic industry. But new ways of looking at leasing give truly comprehensive services to fleets. And they're offering a refreshing take on how that business relationship should work: just order the services you need, pay only for what you use and take advantage of the chance to try more service options.

The concept is simple: provide scalable, diverse management options. This puts fleets in control, so whatever their diverse business and operational challenges, they can create a suite of services that's tailored and optimized.

Of course, tailoring a fleet management plan is impossible if your provider knows little or nothing about your operations. Element Fleet Management is one company that's pioneering these new concepts. The company offers a full suite of fleet management options. These address the whole lifecycle of equipment, ranging from light-duty vehicles, forklifts and other fleet equipment, right up to heavy-duty commercial vehicles. Element uses decades of experience and data insights to find out what's really going on — and create the most effective plan for your fleet.

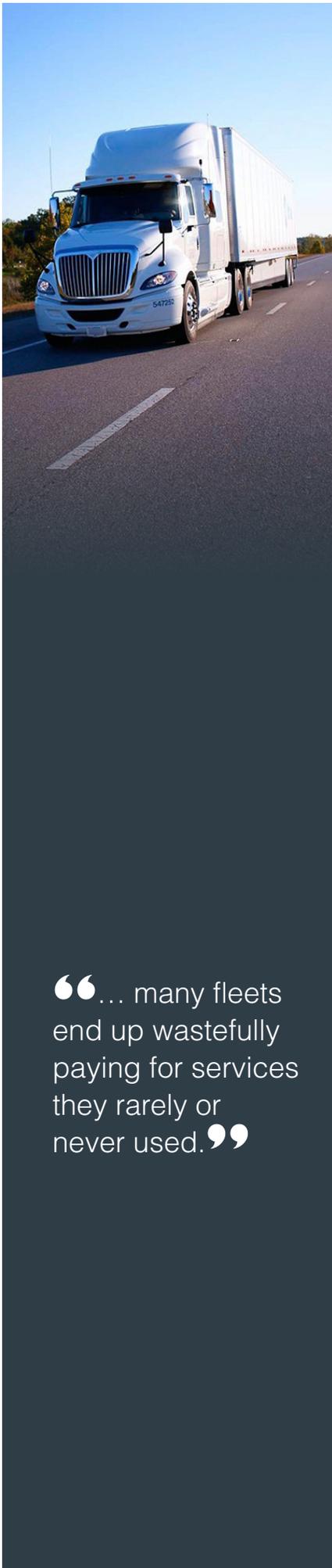
In a nutshell:

1. Your fleet management partner should leverage your data through, maintenance records, cost per mile, advanced telematics and other pertinent information to calculate the true running costs for vehicles.
2. Once that analysis is complete, your partner should examine the numbers to see where lifecycle costs can be improved.
3. Once recommendations are presented to fleet managers or owners, they can select or remove services to precisely target fleet needs and performance goals.

Designing Financing That Suits Your Needs

The first step in any fleet management cycle is acquiring assets and financing them. Here too, trucking is changing fast. Fleets are discovering that the long-established financing options they depended are no longer the most effective.

In some cases, these could be fleets that have previously paid cash for vehicles, and may no longer wish to do so. Bank financing may also be a red flag. They may provide lower financing costs but don't know the ins and outs of fleet management or have the depth of expertise beyond financing. Often, these fleets struggle with fundamental leasing concepts: they're not familiar with the services or sure how to confidently use and trust outsourced financing. Moreover, they lack the buying power leasing companies bring to the table with long-term truck OEM relationships.



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At the opposite end, other fleets might not be quite so cost-conscious. They may be far more focused on minimizing vehicle downtime and reducing admin — often by using bundled fleet management services to address those issues. As a result, they're unfamiliar with how unbundled services work. And most importantly they don't realize they can keep high levels of service on what they need while also cutting services that are of no use to them.

This can be particularly true for established fleets that have been managing their business in a proprietary manner for many years. These fleets may have experience and information to use as a management tool. But often the data is incomplete or is on paper records, making it hard to convert to a modern, digital management system. These fleets often have a long-term “pay to own” philosophy when it comes to asset acquisition.

This is where the expertise of an unbundled fleet management service can shine. Once leasing experts have begun to work with a fleet and gather data, they can also help with money management, vehicle financing and operational refinement. This brings a huge advantage — every aspect of a vehicle's lifecycle is suddenly open to assessment, analysis and improvement, including:

- Financing options and financing costs
- Licensing and titling the equipment
- Controlling fueling costs
- Managing driver recruitment and retention
- Fine-tuning maintenance operations to minimize downtime
- Customized remarketing for the equipment
- Real-world operational, maintenance and cost analysis

Does Full-Service Equal Customer Service?

Many older trucking fleets like full-service leasing because it allows them to really focus on their customers. Unfortunately, in doing so many fleets end up wastefully paying for services they rarely or never used. A good example is truck-washing services. Under a full-service lease plan, truck washes are usually included in the overall package — regardless of how many trucks were actually washed in any given period of time. So, if a fleet contracted for 50 truck washes in a two-week period, and only 30 trucks were actually washed, no credit for the 20 unwashed vehicles was ever issued.

While blanket coverage may offer fleets a certain peace of mind, unbundled fleet service providers argue fleets can easily recoup costs by getting tailored services, while still focusing on their customers' needs.



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Improving Day-to-Day Fleet Operations

Using highly trained fleet professionals, an unbundled fleet management provider can make use of in-field analysis to give fleets high-impact recommendations for improving day-to-day operations. This process starts with the most fundamental aspect of fleet management: analyzing different types of assets, understanding how the truck will be used and the specifications needed for the application. This ensures fleets start with arguably the most crucial component for their business: The right truck for the job.

Once that's been decided, analysts can comb through your fleet to find operational trends. These are added to the truck usage information. They play a key part in the development of a long-term strategy to optimize your fleet, so you can do business even more effectively and efficiently. This comprehensive approach includes emerging fleet management technologies, such as advanced vehicle analytics and telematics, and ways to seamlessly integrate those powerful tools into your fleet's operations.

Another huge challenge for today's fleets is fueling vehicles — keeping costs consistently low and managing the various aspects of dealing with fuel providers. An unbundled service provider can help secure the lowest-cost fueling contracts and better manage the information that goes with them, and can even work with fleets to enhance driver training and help boost fuel savings.

Maximize Maintenance Efforts and Lifecycles

The next logical piece of the management puzzle is taking more control of overall fleet maintenance and maximizing lifecycles. This process helps fleets ensure the lowest total cost of ownership, by doing everything possible to keep vehicles on the road and earning money. With the right maintenance program you can do that by cutting the expenses that come with breakdowns. This can include much harder-to-pinpoint problems, such as avoiding overpaying for parts or spending on unnecessary preventive maintenance.

Then, at the end of that vehicle's useful life, an unbundled provider can help remarket trucks to remove guesswork from valuing and pricing used assets. With multi-channel, resell and remarketing approaches, an unbundled provider can maximize payment once a deal is made.

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Traditionally, truck leases have revolved around a set lease term — usually five years — based on a certain mileage figure. Once that specified mileage number is hit, the truck is turned in and that process starts all over again. With robust data streams, based on maintenance, repair and other information, coming directly from vehicles, fleet owners know exactly when to dispose of a vehicle. In some cases, that might be a business case for hanging onto a truck for 7 years. In another, it could mean moving to the remarketing process after 36 months. But in each case, that solution will be the ideal replacement cycle time based on the best business case for your specific fleet.

Information Is More Than Power

Unbundled fleet service providers offer a wide range of services, which can be a little daunting at first. But in a world of fast-changing fleet management technology, this progressive approach is a natural evolution – making running a successful trucking business simple. We all know information is power but it's also choice and control. Effectively mining data and making it easy for customers to digest has rapidly become a vital part of modern fleet management.

The downside, of course, is that identifying, hiring and employing the experts necessary to put all the different aspects to work is too time-consuming for most of today's trucking companies. After all, you've got a business to run. But choose to partner with a provider who offers unbundled service and your fleet can access the expertise you need: streamline operations, boost customer satisfaction and have more time to focus on driver recruiting and retention — all while maximizing profits.

For more information about Element Fleet Management and our best practices for managing truck fleets, contact us at (800) 665-9744 or [elementfleet.com](https://www.elementfleet.com).

About Element Fleet Management

Element Fleet Management is the leading global fleet management company, providing world-class management services and financing for commercial vehicle and equipment fleets.

