

Get Your Fleet Into Shape in 2021



Optimizing your fleet in the middle of a pandemic may seem like a daunting task, but the timing is ideal to review your fleet strategy and identify ways you can condition your team for improved performance in the years ahead. While the pandemic has presented some challenges for fleet managers, it has also offered several opportunities to build greater resiliency.

This is the perfect time to show your organization how agile and strategic you can be – even in the face of disruptive global change. Whether it's cash flow management, employee safety, cost saving targets, or replacement planning constraints – our experts at Element can help you get into better shape.

Understand your starting position

The landscape has changed significantly over the last year. As we move into 2021, here are key trends to consider as you strategically plan to optimize your fleet performance in the year ahead.

External



Interest rates are near zero – this means lower financing costs for your fleet on new vehicle orders and is an ideal time to re-think leasing if you currently own your vehicles.



Driving hours and accidents are down – with less fleet utilization, overall driving hours and accidents are down. Use this time to review your safety and driver monitoring protocols, and to reinforce safe driving practices. If you don't already use them, this is a great time to incorporate telematics metrics to assess driver risk more effectively.



Fuel costs have dropped – high inventory levels will continue well into 2021, which means this will continue to be a silver lining to your fleet budget. Hold onto these savings for future unforeseen challenges or reinvest them into telematics or enhanced safety protocols.



Resale market – while initial pandemic lockdowns stalled the resale market, prices have mostly recovered and are expected to improve throughout the winter. We recommend cycling vehicles as usual per policy.



Supply chain disruption – OEMs continue to experience parts shortages, including semiconductors. This has led to reduced output from major OEMs like Ford and GM. Because of the changing dynamics, some organizations may experience delays in receipt of their vehicles. We recommend engaging your FMC and looking at vehicle alternatives that may be available and assessing whether out of stock inventory is an option or the utilization of idle assets.

Internal



Utilization – essential service fleets have rebounded quickly, but many non-essential services are seeing a significant drop in distance driven. This is driving a lower fuel spend and lower maintenance costs for many fleets. We recommend taking this time to improve asset utilization and reduce downtime. Consult with your FMC on optimal vehicle cycling and ensure appropriate vehicle fit for the application. When making vehicle decisions for the future of your fleet, always examine costs from a total cost of ownership perspective.



Cost of doing business – additional safety protocols, including physical distancing and PPE requirements has increased the cost of business for most fleets. Be creative and think about ways you can offset these additional expenses. For example, reducing the number of drivers that use pool vehicles every day can reduce the need to sanitize.



Train your team for continuous improvement and resiliency

Successful teams know that continuous improvement is a muscle you build every day, and many companies learned last year that they were out of practice. Use COVID-19 as an opportunity to take a closer look at your fleet and make it even more resilient. This is a great time to apply some of the lessons learned through the pandemic like rethinking key processes. For example, consider dispatching drivers from home instead of the depot. Look for creative ways to be more efficient and effective.

Set Stretch Goals and Measure What you Want to Manage

The best way to mitigate risk and take advantage of opportunities is by building a multi-year strategy. The following checklist will help keep you focused on what matters most as you prepare for the year ahead:

- ✓ **Be strategic** – develop a multi-year fleet strategy supported by clear and measurable goals. As the pandemic persists, it's critical to think long-term and to have a consistent approach so that you can perform year-over-year comparisons and gauge the effectiveness of your activities.
- ✓ **Communicate proactively** – during COVID-19, we've learned that timely and clear communication is essential. Teams are experiencing fatigue with many distractions and competing priorities. Be sure to keep your key stakeholders well informed along the way.
- ✓ **Embrace data and analytics** – be sure to leverage your fleet's performance data. When you thoroughly understand the variables impacting your drivers' productivity and individual vehicle performance, you'll be far better equipped to make adjustments and optimize operations.
- ✓ **Measure what you manage** – identify and monitor key performance indicators to help keep your strategy moving in the right direction and consider modifying existing indicators to account for COVID-19 disruptions. Setting targets during these times will require a mix of agility and perseverance.
- ✓ **Be prepared to resume normal operations** – take steps now to ensure your vehicles and drivers are ready to resume operations when the pandemic ends. Think about preventive maintenance, additional driver safety training, and requirements for personal protective equipment.
- ✓ **Maximize cash flow management** – with so much uncertainty, budgeting and forecasting processes have proven to be extremely difficult during these times. Revenues are down across many industries, which has led to a renewed focus on the bottom line. If you need to acquire new vehicles this year, consider leasing vs. owning to take advantage of low interest rates.
- ✓ **Keep your eye on the fundamentals** – don't forget about compliance, make sure your registration renewals are done on time and tolls and fines are paid. Compliance violations can add up quickly and in some cases can sideline fleet vehicles.

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