



Managing What's Important

How accurate MI and using a dashboard of key performance information can enhance your Fleet operations



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Introduction



- FleetSave Limited was formed by Alan Green & Peter Hollinshead in June 2010
- Hands on experience of managing a fleet in excess of 60,000 vehicles
- Specialist Advice on Leasing and Vehicle Management
- Holistic review of Fleet operations
- Supplier Management and Contract Governance
- Change Implementation and Management
- Working as APSE Associates, specialising in Fleet



Case Study - Background



- Full review of a 800 vehicle Public Sector fleet
- Senior management questioning the fleet's performance from economic and service level perspectives
- Core fleet size falling, but overall costs increasing
- End users unhappy and demonstrating wrong behaviours ie going out to external hires
- Management unable to verify anecdotal feedback, with an over reliance on a small number of key personnel
- Fleet staff busy and confident they were doing a good job, but this not supported by user feedback



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Case Study – Findings



- Our starting point for any review is to ask for the current MI pack, but...
- We found that routine MI was non existent and adhoc MI excessive in detail so as to be of little use, or indeed a distraction from the critical elements
- Upward MI to provide meaningful data to Senior personnel and users was not in place
- When we delved into much of the MI provided we often discovered a range of inaccurate information, or could not substantiate the data
- There was a general lack of accountability



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Case Study - Outputs



- A range of recommended actions was documented along with an implementation template
- A broad spectrum of financial and practical suggestions
- At the core of this was the development of a periodic, routine MI pack



So what's important and what CAN you influence?



- Assuming that purchasing terms and accounting treatments have been fixed and fit for purpose vehicle choices have been made, what are you left with ?
- Maintenance and in life costs
- Operational costs – the use of the vehicle
- Overheads costs – staffing and premises
- End of contract cost, including disposal



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Start with the end in mind!



- Acquire your fleet using Whole Life Costing methodology
- The cheapest is not always the best value
- This creates a discipline of breaking down expected running costs
- And provides a benchmark for budgets to be set



Whole Life Cost (WLC)



WLC Calculator					
Vehicle Details	Make	Ford	WLC Component	Monthly Cost	
	Model	Focus	Finance Cost	£123.00	32.5%
	Description	1.6 LX 5dr	Service Cost	£11.00	2.9%
	List Price	£20,000.00	Blocked VAT	£12.30	3.2%
	Fuel Type	Petrol	National Insurance	£39.10	10.3%
Emissions	CO2	120	Fuel	£193.43	51.1%
	BIK %	17%	Insurance		0.0%
	BIK	£3,400.00	Total Whole Life Cost	£378.83	
	National Insurance	£469.20			
Finance Costs	Finance Cost	£123.00			
	Service Cost	£11.00			
	Total Cost	£134.00			
	Blocked VAT	£12.30			
	Effective Cost	£146.30			
Fuel	Miles Per Year	20,000			
	MPG	50.0			
	MPG (Real World)	42.5			
	Annual Fuel Cost	£2,321.18			
	Monthly Fuel Cost	£193.43			



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The Journey from Here!



- We understand that you will all be in different starting positions— however there needs to be a goal in mind
- If you agree WLC is the way to go, that is your starting point
- MI should then monitor performance against your assumptions for SMR, Operational costs and disposals
- Exception reporting to highlight vehicles under and over performing
- Utilise an easy to read format such as traffic lights or dashboard



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What MI do you need

- MI is only useful if it's used and a discipline of close review is established
- We suggest the following approach represents a good “starter for 10”



Step 1 - Create a Budget



Set a baseline against which to measure:

- Planned maintenance
- Unplanned maintenance (inc breakdowns)
- Road Fund Licence
- Tyres
- Fuel
- Mileage Performance

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Step 1 (Continued)

- Sales Performance against original residual value assumption
- Anticipated accident costs
- Anticipated fines
- End of life refurbishment costs

Expected costs should reflect mileage profile and vehicle holding period

Monthly reports must be set up to facilitate review of these areas



Step 2 Establish Review Mechanism



- Monthly Review of MI to identify under and over budget vehicles
- Monthly review with operators to review mileage, condition, usage and departmental performance
- Annual review to determine maintenance adequacy
- Annual review to check future residual value assumptions
- APSE Performance Networks benchmark reporting for a health check against peer groups



Step 3 Remedial Actions



Some example of actions which may need to be taken:

- Reallocate vehicles to users with different mileage profiles
- Driver / departmental training
- Manufacturer discussions
- Review of fitness for use of certain vehicles
- Review sales channels (disposals)





Benefits

- Reduced costs
- Tighter cost control processes
- Justification for original acquisition choices
- Improved accountability and baseline knowledge for more accurate future budgeting – should lead to timely and more disciplined vehicle change cycles

(Continued)



Benefits (Continued)



- Better preparation for future vehicle replacement decisions
- More even cash flow
- Better resourcing
- Improved user behaviours
- Greater user satisfaction

End Result:

Lower costs, with Senior Management and user buy in and confidence with the way the fleet is being managed



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Thank you



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