

# Making the Business Case for Motor Pools



White Paper





# MAKING A BUSINESS CASE FOR MOTOR POOL

## Getting Started

If you are reading this you probably already know that your organization can save tens of thousands – even hundreds of thousands of dollars — by sharing vehicles, reducing unneeded vehicles, and automating fleet management processes.

You know that by automating things like vehicle reservations, dispatching, and billing and reporting, your organization can experience incredible time savings (for fleet managers) and convenience (for users of the fleet.) We've seen our customers do all these and more.

And in a COVID-19 environment, it's even more crucial to reduce costs. Budgets are getting cut everywhere. The single most effective way to reduce fleet costs is to reduce unneeded vehicles and share them efficiently. Sharing vehicles allows organizations to revise budgets to eliminate monthly fixed costs for unused vehicles sitting in a parking lot.

You can also eliminate replacement costs for unused vehicles, and reduce costs for things such as maintenance, insurance, depreciation, parking, and staff time to manage them, and more.

## GETTING STARTED



But if you are just starting to plan your vehicle sharing program, how do you effectively communicate your plan to others? If you are faced with the task of ‘selling’ the idea to upper management and other stakeholders, here’s some help from our experts to get the job done—successfully.

### Others are relying on you

First, remember that others are relying on you to tell the entire story behind your project — the good and the bad. In the public sector, for example, your business case could become public record and may come under scrutiny. Even if you have a compelling business case, other competing interests may derail your plans if you are not well prepared. Nothing breaks the cadence in a technology purchase more than a list of unanswered questions.

### Include these 3 components

If you include these three components, your managers and other decision makers will see solid reasons for adopting new technology. We recommend that you:

- Quantify, articulate, and share your goals
- Anticipate questions
- Clearly communicate the return on investment (ROI)

### Our 10-point outline

Remember, you may not get a second chance to present your case. But what should your written proposal contain? Let’s break it down. Here is a 10-point outline you can adapt for your use when preparing your business case:



## Step 1: Proposal Statement

Provide a clear, concise description of what you recommend. For example, state that purchasing this automated fleet solution will provide an efficient and reliable method for online vehicle scheduling, dispatching vehicles & managing keys, collecting data for right sizing, and automating collection, reporting & billing. It will also unburden staff, help us eliminate the cost of too many unused vehicles, and save \$3,500-\$6,000 per vehicle per year in maintenance, depreciation, insurance, staff time to manage the fleet, and more.

## Step 2: Relate to Your Vision

Relate the motor pool project back to your organizational mission. Most organizations have a mission, and oftentimes it includes things like being good stewards of taxpayer dollars, efficiency, service to workers or other stakeholders, budget goals, risk mitigation, etc. Or include the fact that your project is following recommendations from audits. If you include these things in your business case, it will increase the likelihood of your project being approved. Be sure to use terms and language that your organization recognizes.

## Step 3: Scope

Clearly identify the boundaries of your project. Related the project to other related phases of the project such as buying a roadmap. Reference as many metrics as you can, such as # vehicles, # transactions, # people served, # vehicle reservations. Be sure to describe the process changes anticipated, and discuss alternatives regarding people, products, processes to consider. This will give your proposal a sense of fairness and comprehensiveness that you have done your homework.

## Step 4: Resources

Specify the affected resources before, during, and after the project. These should include key people on the project, stakeholders (people and organizations) affected and required technology (hardware, software, communications, security and support requirements.)



## Step 5: Dependencies

Identify other projects related to this effort, including identifying benefits of this project to other projects, departments, etc. Describe the impact of this project on the organization. Clearly state any dependencies or needs that exist if this project is not pursued, e.g., additional funding may be needed.

## Step 6: Goals, Targets & Outcomes

Expand on your initial proposal statement, using as many metrics and dollar figures as you are able. For example, Agile Fleet estimates a savings of \$3,500-\$6,000 per vehicle per year in maintenance, insurance, depreciation, staff time to manage, parking, and other costs for vehicles in a fleet. If you estimate eliminating 20 vehicles, you can share that you will be saving your organization between \$70,000 and \$120,000 year after year. Include timelines, and schedules as well. Emphasize the value created for the organization in efficiencies and savings.

## Step 7: KPIs

Document your baseline KPI measurement as much as possible. If you are struggling with identifying this, contact our fleet experts here, we can do a Fleet Savings Assessment using your data for this step. Also document your target KPI, include a timeframe you anticipate achieving your successes, and associate a person who will "own" each KPI.

## Step 8: Risks & Barriers

Be sure to identify potential risks, along with actions you will proactively take to mitigate risks. Document any barriers and help you may need to overcome these barriers. If you anticipate stakeholder objections, focus on benefits to them, and reasons why sharing vehicles may actually be an improvement over individually assigned vehicles. If you communicate that you've done your homework in advance, and that you've anticipated risks and barriers, and that you have solutions to those risks, you greatly increase the likelihood of having your plan approved by decisionmakers.

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## Step 9: Cost - Benefit

Show all costs and benefits in your plan. Provide a clear summary of the project, lay out the capital expenditures by fiscal period. Estimate the payback period on your investment (many motor pool projects are budget neutral projects where savings overtakes expense almost immediately.) Calculate the ROI over at least 5 fiscal cycles (years). Delineate detailed costs and quantities.

## Step 10: Funding Vehicle

Identify whether this is a budgeted item and if so, state the amount and budget line item. If not, describe how this will be funded. Indicate whether or not this will be a capital expense, or an operating expense. Break out costs by initial year 1 costs, and annual recurring costs. If known, propose a contract vehicle such as GSA, Sourcewell, many state contracts. If in doubt, call us at Agile Fleet. Many organizations can use a myriad of pre-vetted contracts, eliminating the time-consuming process of competitive bidding.

# RETURN ON INVESTMENT

Where are the savings you can expect?

- Vehicle count reduction and all associated costs
- Reduction in maintenance, depreciation, parking costs, staff time, one-time vehicle disposal income
- Savings in insurance, administrative costs
- Policy enforcement
- Convenience and service to stakeholders, and much more

# MORE TIPS...

- Identify what you want to accomplish, early
- Share the vision with affected staff - and what's in it for them
- Include financial decision makers early in the process
- Keep stakeholders involved and engaged - emphasize the benefits to them



# LET US HELP!

## **Access Our Experts**

Let the experts at Agile Fleet help you prepare your business case! We offer a free Fleet Savings Assessment using your data to help you understand where you can reduce costs, automate your processes, and right-size.

**[Request your free report here](#)**





## For more information

Visit us at [AgileFleet.com](http://AgileFleet.com)  
Schedule a [demo here](#).

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