

# New Report:

## Experts Identify Top 5 Right-Sizing Metrics Proven to Cut Costs



## Why are metrics important?

There is an adage in management that states that, "If you can't measure it, you can't manage it." Optimizing vehicle use through metrics is the fastest and most effective way to improve fleet efficiency. By assessing vehicle utilization, fleet managers can identify opportunities to streamline and reduce costs through vehicle reassignments, reductions, and composition changes. Reducing costs and optimizing the use of vehicles is easy once you've identified the metrics that are important to your fleet. But which metrics do you need and how will they help you save?

Sometimes metrics are easy to define, yet other times metrics may not be so obvious. In auto racing for example, a typical metric would be the time it takes to complete a race. It's rather obvious that a race time can be measured in minutes and seconds. But how do you measure a fleet? Can fleets be measured? The answer is yes. Fleet managers must be able to accurately "measure" their fleet through objective, well-defined metrics. The good news is that there are hundreds of ways to measure a fleet. Examples of fleet metrics are:

- Number of vehicles
- Number of mechanics
- Number of drivers
- Ratio of 'Assigned' vehicles to 'Pool' vehicles
- Average miles on a vehicle
- Average trips per day
- Average miles per trip
- Total maintenance time
- Number of accidents per million miles
- Average fleet utilization
- Maximum fleet utilization
- Total cost of ownership for a vehicle
- Average customer satisfaction rating

*Reducing costs and optimizing the use of vehicles is easy once you've identified the metrics that are important to your fleet.*

## Adding Value to Metrics with Benchmarks

A benchmark is a standard by which something can be measured or judged. In order to add value to metrics, it is important to look at benchmarks. Benchmarks may be trends in a particular metric over time, a ratio of metrics, or may be a "known" value for the metric. For example, looking at race finishing times of 3:30, 3:28, and 3:26 over the last three races shows that things are getting faster. That's good. The benchmark in this case is the last race time or the average of the last three race times. In addition to looking at trends in time, knowing that a race completed in 3:15 minutes is valuable. It is very valuable if that metric can be compared to a world record benchmark of 3:23! Benchmarks can be based on your fleet's past performance, another fleet's performance, or perhaps an industry average fleet performance.

Examples of benchmarks that are useful in fleet management include:

**Contact Us Today for an Online Demo. Ask About Our Free Trial!**

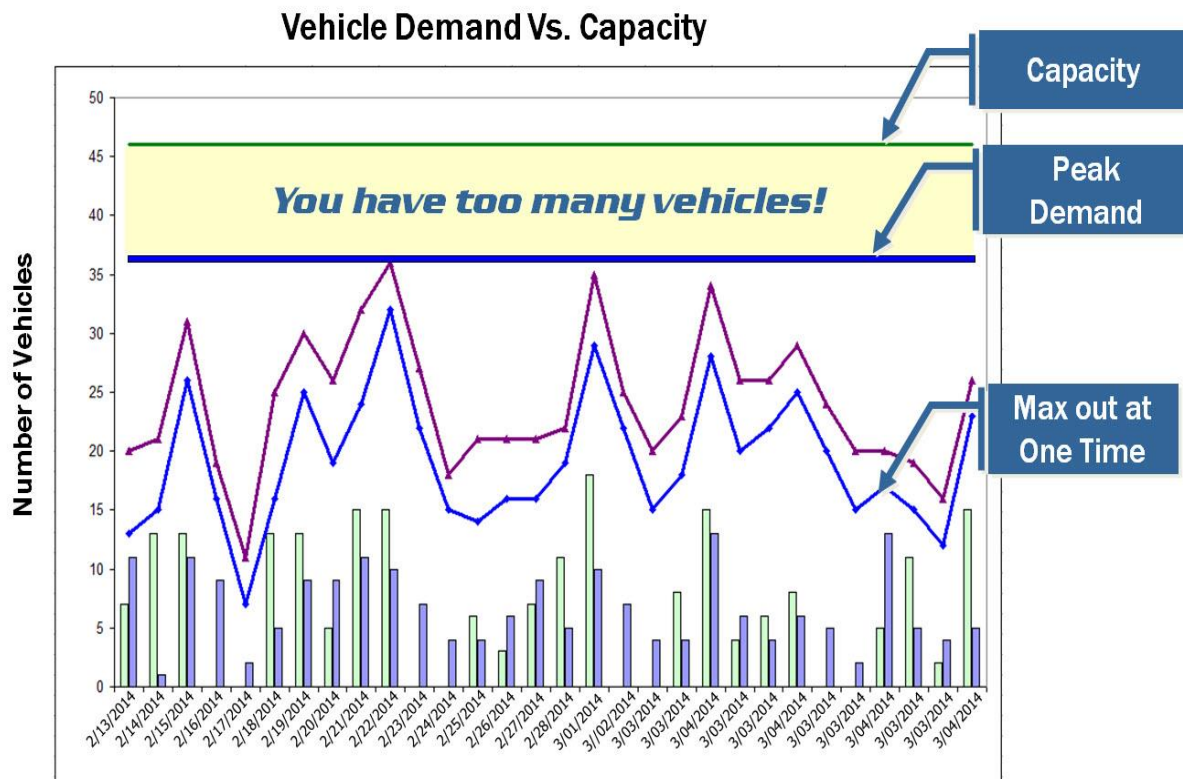


**408-213-9555 x1**  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)

- The number of vehicles in inventory last month
- The number of accidents per per miles driven, e.g. per million miles
- The average cost of maintenance per vehicle
- The industry standard ratio of drivers-to-vehicles
- The average fleet utilization from last year by class of vehicle
- The number of vehicles exceeding 100k miles as of June 1

### Top 5 Right-Sizing Metrics for Cutting Costs

There are thousands of metrics that can be used to describe a fleet. But, which ones are the heavy hitters? We've identified the top 5 right-sizing metrics that can help you drastically reduce fleet costs.



*There are hundreds of metrics that can be used to reduce costs.  
Which ones offer the biggest bang for the buck?*

**Contact Us Today for an Online Demo. Ask About Our Free Trial!**



**408-213-9555 x1**  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)

## #5: Number of outside rentals & personal mileage reimbursements

Often-overlooked metrics that affect an organization's bottom line are related to the use of outside rental vehicles and personal vehicles to perform the organization's mission. It is commonplace for fleet vehicles to sit idle while the organization pays for rental vehicles or reimburses employees for use of their personal vehicle. While there are perfectly legitimate reasons for using other-than-fleet vehicles, fleet managers and business analysts must have visibility in to these.

Think these numbers are inconsequential? They're not. One state reportedly reimburses employees more than \$20 million annually for use of personal vehicles. A different state-run fleet reported fleet utilization rates below 50% for most classes of vehicles while racking up large rental bills. Seeing the relationship between fleet utilization and charges for outside vehicles is key.

What can you count and manage?

- A count of outside rentals by day
- The cost of outside rentals by day
- A count of personal mileage reimbursements by day
- The cost of personal mileage reimbursements by day

Understanding your lowest cost alternative, that complies with regulatory requirements, is key. Once you have the metrics, you can make sound business decisions about expanding vehicle pooling programs or augmenting the fleet with outside vehicle during periods of peak demand.

## #4: Number of Unfulfilled Motor Pool Requests

This is probably the most important metric you can manage if you already operate pools of vehicles and encourage sharing. If fleet drivers are asked to turn in assigned vehicles and use pooled vehicles, it is critical that you understand how often these pooled vehicles were not available because the organization did not have the right vehicle to meet the driver's needs. Your automation system should automatically capture this metric and clearly differentiate this type of cancelled vehicle request from other cancellations (e.g. due to no-shows, cancelled trips).

What can you count and manage?

- A count of unfulfilled motor pool requests by vehicle class by site by day

This metric can be used to clearly drive the business argument for reallocating vehicles, changing the composition of your fleet (e.g. change vehicle classes) or for acquiring additional vehicles.

**Contact Us Today for an Online Demo. Ask About Our Free Trial!**



**408-213-9555 x1**  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)

### **#3: Vehicle Count**

Vehicles cost money. Lease costs or maintenance & depreciation costs for standard passenger and light duty vehicles generally average \$3,000 - \$5,000 annually. When the costs of parking spots, insurance, vehicle branding, administrative overhead, and other items are considered, the cost is even higher. So, it behooves fleet managers to understand exactly how many vehicles are in the fleet. Each one costs money.

What can you count and manage?

- A count of total vehicles in the fleet
- A count of total assigned (non-shared) vehicles in the fleet
- A count of total shared vehicles in the fleet
- The ration of assigned vehicles to shared vehicles

This is the simplest metric to capture and is a good starting point for any right-sizing initiative.

### **#2: Vehicle Utilization Rate by Class of Vehicle at each Site**

In this day and age, you must have an understanding of how and when your vehicles are being used. The days of managing only an odometer value are behind us (unless that's all we possibly have to work with). With a clear understanding of how vehicles are being used, you'll have a clear understanding of whether there is potential to eliminate vehicles through initiatives such as pooling of vehicles or using a more cost effective method (rather than owning an assigned vehicle). One you understand how they are used, you'll know which vehicles are not-in-play, e.g. emergency response, trades vehicles, etc.

What can you count and manage?

- Utilization rates (%) for each class of vehicle at each site
- Utilization rates (# of trips) for each class of vehicle at each site
- # of idle vehicles for each class of vehicle at each site
- # of vehicles unavailable per day due to maintenance activity
- Maximum vehicles out each day by class at each site

Tracking utilization for each class and each site is important. By understanding by class, rather than just the total utilization rate of your fleet, you are better able to change the class of vehicles you use over time. And, when you understand utilization by site, you can better shuffle vehicles across locations to meet demand where demand exists.

### **#1: Vehicle Utilization Rate of Each Vehicle**

**Contact Us Today for an Online Demo. Ask About Our Free Trial!**



**408-213-9555 x1**  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)

Finally, once you have an understanding of overall utilization, it's time to focus on utilization for specific vehicles. At some point you've probably heard, "I don't think that vehicle has moved in months". When analyzing the entire fleet or a larger segment of the fleet with one utilization number, problematic vehicles or out-of-play vehicles (e.g. emergency response, required special use vehicles) often skew your utilization statistics. By drilling down to see utilization of each specific vehicle, you can make better decisions about what actions to take.

## Defining Your Initiatives

Right-sizing can't take place all at once. Tackle your right-sizing initiatives bit by bit. What can you count and manage? The table below provides a high level overview of candidate initiatives you may want to consider:

<b>Cost-Cutting Initiative</b>	<b>Metric/Benchmark Needed for Decision-Making</b>	<b>Estimated Savings <i>*per vehicle</i></b>
<ul style="list-style-type: none"> <li>• <b>Reduce fleet size by allocating vehicles to motor pool</b></li> </ul>	<ul style="list-style-type: none"> <li>• Ratio of "Assigned" vehicles to pool vehicles.</li> <li>• Total number of assigned vehicles</li> <li>• Total number of pooled / shared vehicles</li> <li>• Utilization rates of assigned vehicles (by time and miles)</li> </ul>	<b>\$20k capital cost &amp; \$3-5k annual expense*</b>
<ul style="list-style-type: none"> <li>• <b>Reduce fleet size by optimizing use of existing pool cars</b></li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle Usage as a percentage of available usage time by vehicle (used vs. available)</li> <li>• Average motor pool utilization by class of vehicle</li> <li>• Average trips per day</li> <li>• Duration of required "buffer" between pool car uses (for same car)</li> <li>• Percentage of abuse (late pick-ups, late returns, no-shows)</li> </ul>	<b>\$20k capital cost* \$3-5k annual expense*</b>
<ul style="list-style-type: none"> <li>• <b>Reduce fleet size by consolidating trips</b></li> </ul>	<ul style="list-style-type: none"> <li>• # of trips eliminated through consolidation of trips.</li> <li>• # of car pool trips taken per year</li> </ul>	<b>\$20k capital cost* \$5k annual expense*</b>
<ul style="list-style-type: none"> <li>• <b>Reduce fleet size by maintaining a fleet inventory that matches demand by type of vehicle</b></li> </ul>	<ul style="list-style-type: none"> <li>• Average passengers per trip</li> <li>• Total vehicles upgraded to alternate vehicle type to fulfill requests</li> <li>• Average utilization by vehicle class</li> </ul>	<b>\$20k capital cost* \$3-5k annual expense* Reduce or eliminate outside rentals or POV mileage reimbursement</b>
<ul style="list-style-type: none"> <li>• <b>Use staff more efficiently and consolidate jobs</b></li> </ul>	<ul style="list-style-type: none"> <li>• Number of staff required to perform fleet dispatch functions (using FleetCommander)</li> <li>• Number of staff required to perform fleet prep (cleaning, fuel, inspection)</li> </ul>	<b>Annual salary, e.g.: \$30k per person</b>

**Contact Us Today for an Online Demo. Ask About Our Free Trial!**

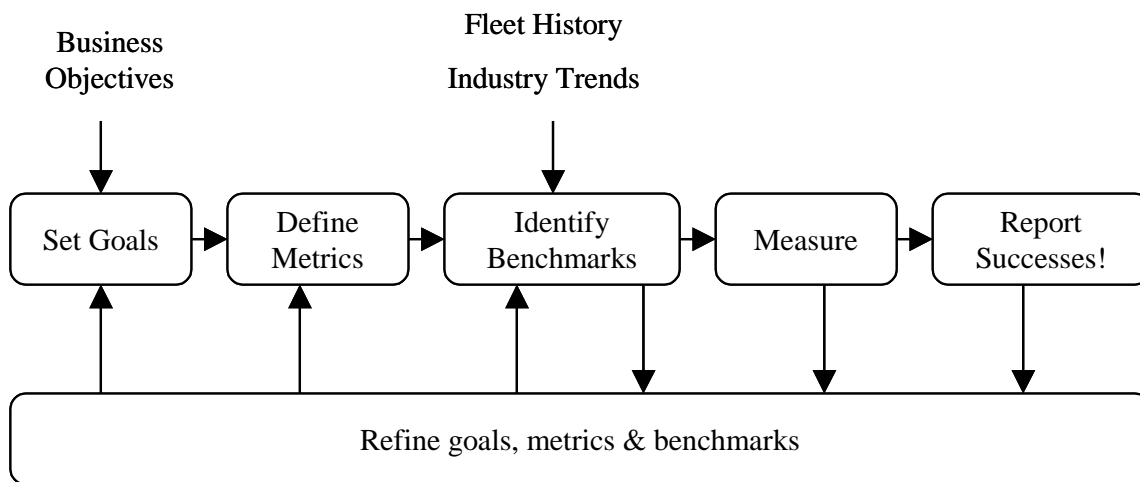


408-213-9555 x1  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)

<ul style="list-style-type: none"> <li>• <b>Reduce abuse of vehicles through enforcement of policies &amp; procedures</b></li> </ul>	<ul style="list-style-type: none"> <li>• Number of “abuse charges” per month</li> <li>• Count of policy breaches (e.g. using high-octane fuel in lieu of regular)</li> </ul>	<b>Varies - Abuses may result in procurement of additional vehicles, higher fuel costs, more staff time</b>
--	--	---

## Where to Start

Start with a plan. As reflected in the figure below, the process of measuring and refining your plan is an on-going process.



*Using metrics to reduce costs and increase the level of customer service within your organization is a continuous process of setting goals, defining success criteria, and measuring your progress. Don't forget to report your successes to management and your peers!*

## Checklist for Measuring Your Fleet Successes

- ✓ **Put the right technology tools in place to collect the metrics you need** – We want you to evaluate alternatives. In fact, we'll even help you develop check lists or evaluation criteria so your comparisons can be apples-to-apples. When you are ready to evaluate FleetCommander, we'll provide you with a comprehensive on-line demonstration. We'll even let you use a fully functional

**Contact Us Today for an Online Demo. Ask About Our Free Trial!**



**408-213-9555 x1**  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)



FleetCommander site for 30 days, with all of your fleet data -- free of charge. Many FleetCommander customers are able to achieve measurable successes during their trial period.

- ✓ **Set Goals** – Capture baseline data such as total expenses, budget constraints, and management directives and set goals for reducing costs. Document these goals and communicate them clearly to everyone in the organization.
- ✓ **Define metrics** – Identify the metrics that you will measure. For example: fleet size, total maintenance costs, number of turned down vehicle requests, etc.
- ✓ **Define benchmarks** – Establish benchmarks. Use a snapshot of your fleet's performance or use industry benchmarks obtained through organizations such as the National Association of Fleet Administrators (NAFA) or Government Fleet.
- ✓ **Measure progress against stated goals & benchmarks** – Using FleetCommander, capture new metrics for stated periods and compare against stated goals and benchmarks.
- ✓ **Report your successes** – Report your findings far and wide. Agile Access Control, Inc. often gets requests for quantifiable cost reductions and increases in customer service. We'd love to have your input to share with others (names can be held in confidence).
- ✓ **Refine your goals** – Change your plan as necessary. "Raise the bar" if things are going well. Adjust expectations or revise your strategy for reducing costs if objectives are not being met. The bottom line is you should always have metrics to confirm you are headed in the right direction!

### **Fleet Management with FleetCommander: Simple as 1-2-3**

FleetCommander fleet and motor pool software has always enabled organizations to collect the data they need to share vehicles by with technology that schedules and coordinates use, dispatches vehicles, provides the data to right-size, and a whole lot more. FleetCommander is a powerful, configurable, web-based fleet and motor pool management technology capable of tackling the management of large and complex fleets within state and local governments, universities, utilities, and commercial organizations. Feel free to reach out to our fleet experts, we would be happy to review your fleet operation and recommend ways to reduce costs, improve service, and create efficiencies.

### **Leverage Your Investments**

Right-sizing can't be done in a vacuum. Your ability to collect metrics are dependent upon the investments you may have already made in fleet maintenance systems, parts inventory systems, fuel management systems, GPS, risk management systems, and more. As you jump in to your right-sizing initiatives, make sure those systems are being leveraged to the fullest extent possible, if they have data that may be of value

**Contact Us Today for an Online Demo. Ask About Our Free Trial!**



**408-213-9555 x1**  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)



to you. Always attempt to automate the sharing of data across systems so that all of the valuable data is available in one place for reporting and analyzing your metrics. Don't have a system yet? Think about all of the sources and types of data you'll ultimately need for right-sizing and include that in your procurement specifications.

### **Test-drive FleetCommander -- Free for 30 Days**

If you want to test-drive our fleet management information system, the FleetCommander Free Trial includes use of a fully functional FleetCommander site for 30 days, using all of your fleet data. Many FleetCommander customers are able to achieve measurable successes during their trial period. Here is what just a few of our customers are saying:

"In an era of economic downturn and reduced tax revenues, relying on fragmented legacy systems and "stop-and-go" manual interfaces will simply not be an option for state agencies who wish to remain relevant and be viewed as the best value by the state's citizenry. Our goal is to show [other Agencies] how a report that once took 30 minutes to create will now take 30 seconds with FleetCommander."

– **The State of West Virginia**



Cornell University

"Would highly recommend. Makes our life easier and more efficient." – **Cornell University**

"We have been using FleetCommander at one location for two years. It has been a great success for us. We have an assigned motor pool manager who has been able to take on additional job duties because this product has freed up a lot of his time. We do not always need a live attendant at the motor pool. We are now expanding to a second site which he will be able to manage remotely. Agile is a very professional company who offers great support and are very easy to work with."

– **Prince George's County, Maryland**



**Contact Us Today for an Online Demo. Ask About Our Free Trial!**



**408-213-9555 x1**  
[info@agilefleet.com](mailto:info@agilefleet.com)  
[www.AgileFleet.com](http://www.AgileFleet.com)