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Best practice in fleet management
Issue 03
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In this Fleet Matters:

TIME IS MONEY -
SURPRISING WAYS TO SAVE IT

Can right decisions be made faster?
Do all management tasks have to take so long?
Is administration really a necessary evil?
What help is available?
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Can right decisions be made faster?

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There is nothing simple about any kind of management, including fleet management, or everybody would be able to do it. Definitions of management abound, but they generally offer a plan-monitor-control-change cycle, or something akin to that. However you define management, it is a complex business.

- Success requires confident command in multiple areas.
(**ISO in plain English**, Praxiom, 2014)
- The right decision is rarely simple.
(**Working Knowledge**, Harvard Business School, 2013)
- The wrong decision can be very costly.
(**Worst Business Decisions**, 24/7 Wall Street, 2012)

Bad fleet decisions are rarely fatal, but usually harm the bottom line. A bad decision is even worse if it takes a long time to reach. Getting to the right answer can be done more quickly:

- Delegate research to somebody impartial and expert, internally or externally.
- Evaluate every option first time to avoid having to repeat the process.
- Eliminate built-in process delays wherever possible.

For product choices, decisions can be speeded by exploiting supplier knowledge, if a range is comprehensive enough to minimise any vested interest in pushing a particular product. The key driver for most decisions will be increased bottom-line efficiency, but such calculations should incorporate the cost of administration time. When assessing potential suppliers, take note of the acquisition process. As a general rule, the faster and simpler that a vendor makes it for you to become a customer, the better the eventual customer service is likely to be.

Action point: For any product decision, create a short-list of any suppliers each capable of covering every option. Do this even if it means considering only a single supplier capable of offering impartial expert advice. Avoid compromise by ensuring that a recommended product is a match for your specific requirements, rather than the supplier's needs.

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Do all management tasks have to take so long?

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Whatever systems you employ in managing your fleet, they have a common characteristic. They all run on data that is, in itself, useless to you. Data only becomes useful in informing fast, accurate decisions once it has been processed into information. This is particularly true of fleet fuel procurement.

With either cash repayment or credit cards systems, analysis and reporting is performed manually. Somebody collects the data on total mileages, fuel quantities, fuel costs, refuelling locations and more, for each vehicle. This is collated and, possibly, split between business functions, operating locations, both or more. It is loaded into offices systems, perhaps via keyboard entry. Reports must then be defined for processing.

With the right fuel card, full analysis and reporting are available online, 24/7. Pre-defined parameters are easily selected for immediate bespoke reports. These then drop straight into standard office software.

Having equally simple software from the same source to track mileages makes reporting more powerful, with minimal extra administration. It can also ensure that information is HMRC-compliant, whether for VAT reclaiming, P11D returns or other mandatory reporting.

The fleet manager can see exactly the fleet refuelling information needed within moments, with confidence in its accuracy. There is no need to task administrative with data entry or report compilation. Producing any necessary report takes just a minute or two, rather than hours.

Action point: Compile and analyse two lists of reporting requirements. Firstly, assess current fuel-related reporting, from annual fleetwide fuel costs to per-vehicle mpg information. Estimate the cost of creating these reports. Next, do the same for all similar reporting that is desirable but not currently available. Then, talk to a fuel card provider about how such reports could be created via their products. Ensure, however, that they meet the key criteria of offering cost-saving commercial rate fuel cards and have a comprehensive range, including mileage recording.

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Is administration really a necessary evil?

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Whatever your fleet management decisions, implementation, monitoring and control always involves some degree of administration. Administering the more routine work, involving everyday processes, will have to be delegated. While this certainly saves management time, it merely shifts the workload down the organisation. The tasks will still need to be completed, possibly involving a disproportionate amount of office time. The classic example is fuel procurement. There are a number of options for getting diesel and petrol from a supplier's tank into your vehicles and all involve some degree of administration.

Some HGV and PCV fleets still refuel from their own tank in the yard, the most bureaucracy-heavy of all refuelling options. The health and safety aspects alone account for countless hours of administration and management. More administration time has to be spent on procuring the fuel in the first place, then on issuing it to vehicles.

The major additional workload and significant expense is the necessity for retaining in-house expertise in, and constant monitoring of, oil markets. A single timing error in spot-buying a month's fuel, in advance, could wipe out an entire year of potential savings. There also need to be back-up processes for instances of vehicles having to refuel unexpectedly away from the depot. For most fleets, the office workload and lack of refuelling flexibility makes this an unrealistic option.

The traditional refuelling system was cash-based, either through reimbursing drivers for their own disbursement or providing cash advances. Apart from the ever-present risk of theft, loss and misuse, there is an inevitable mountain of paperwork. Every payment to a driver, and every refuelling transaction, has to be recorded, filed and audited. Process timings can present problems as late reimbursement to drivers causes morale issues, at best, while cash advances for future purchases impact cashflow. VAT reclaiming may not be straightforward, as the company has not been invoiced directly.

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Is administration really a necessary evil?

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Company credit cards are better for cashflow and are slightly less risky from a security standpoint, although still open to misuse and abuse. The inherent administration, however, can be daunting. Receipts must be obtained and kept for all transactions, which then have to be reconciled with the credit card statements. The statements themselves have to be scoured for anything untoward. The whole process takes more time and is vulnerable to human error in the form of lost or forgotten receipts.

Ideally, your refuelling administration would centre upon a single weekly invoice covering the entire fleet, with automatic direct debit payment. Details should be easily available of every transaction, for every vehicle. With no collection of receipts, invoices sent digitally and automatic payment, it would be normal to keep every vehicle refuelled without generating any paperwork. This is the standard process model for commercial rate fuel cards.

Action point: Audit your fuel procurement. Analyse how much paper it generates, how many people internally have to deal with the administration and calculate the total time involved. Add this figure to total refuelling bills for a realistic cost of not using the right fuel card.

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What help is available?

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Fuel Card Services has helped with cost-effective fleet management for many years, accumulating an enviable breadth and depth of expertise. Its experience is readily available to help fleet managers through a growing range of specialist products and services.

Many thousands of vehicles nationwide are already refuelled using commercial fuel cards from Fuel Card Services. These offer immediate cost benefits, with fixed weekly pricing that typically delivers savings of up to 4p per litre on national average pump prices and up to 10p per litre on motorway refuelling. Further significant savings are realised through virtual elimination of paperwork, minimising of administrative workload and fast, trouble-free delivery of custom management information.

It also offers **MileageCount**, giving powerful, user-friendly recording of business and private mileages for compilation of HMRC reports with minimal administration. Data for every journey is collected in real time using a **smartphone app**, then collated, verified and analysed at the fleet manager's convenience.

Used in conjunction with the right fuel card, MileageCount informs a wealth of fleet decisions from everyday refuelling to evaluating the contributory factors determining **whole-life vehicle costs**. Together, they can save considerable management and administrative time for anyone running a fleet.

Action point: **Contact Fuel Card Services** and ask for an illustration of how much time and money it could save you, with solutions that exactly meet your specific refuelling and fleet management requirements.

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