



TRANSPORTATION  
SERVICES CO.

# LEAVE YOUR TRANSPORTATION TO THE EXPERTS

A GUIDE TO SENSIBLE & COST-EFFECTIVE  
FLEET MANAGEMENT

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## A GUIDE TO SENSIBLE & COST-EFFECTIVE FLEET MANAGEMENT

### INTRODUCTION

You're in the business of providing a service. Whether you're a facility focused on early childhood development, a parochial school providing educational opportunities, hotels seeking to enhance the guest experience, universities connecting with off-campus housing or elder care facilities -- you need to get people, goods or services from one place to another.

You know you need vehicles and to effectively manage a fleet. But who do you call?

Even when the transportation component of your service is not the main objective of your operation, it can still play an important part in the delivery of your product and likely also encompasses a sizeable portion of your budget. And while there is more to fleet management than purchasing and maintenance, smart fleet management can actually help you save money – not spend it.

### THERE'S MORE TO FLEET MANAGEMENT THAN YOU THINK

The day-to-day management of your fleet can significantly detract from the goal of providing a quality product or service to your customers. Yet understanding the tradeoffs between capital and operating expenditures is a crucial aspect of sensible and cost-effective fleet management. The leading strategy across major transportation-based industries such as school busing, transit fleets, and motorcoach or charter services is an integrated technology and data-driven fleet management, but you can apply the very same strategies to your own fleet operation.

For example, the "Total Cost of Ownership" (TCO) strategy takes into account all of the costs related to the entire lifespan of your vehicles -- from funding and acquisition, to maintenance, fuel, risk management, and eventually disposal. The goal here is to maximize your current assets while minimizing expenses. A transportation expert can show you how to make smart budget and operational decisions based on fleet

telematics and other Key Performance Indicator (KPI) data, and address many of a transportation operation's issues with **an established replacement strategy** and **creative financing options**. With the right tools and guidance, fleet management does not have to take away from the priority of delivering quality service and products to your customers.

## THE CHALLENGES OF FLEET MANAGEMENT

**No in-house fleet expertise:** As discussed earlier, fleet management is so much more than just purchasing and running vehicles, and the most efficient operations -- whether they have five vehicles or five hundred -- have a fleet replacement schedule in place which helps ensure they are minimizing their TCO. By evaluating acquisition costs and loss of value over time, against maintenance costs and operational expenses as the vehicles age, a reliable fleet partner with industry knowledge can establish a stable TCO strategy. But without that expertise on staff, organizational leaders may miss out on a number of opportunities to save money and preserve the life cycle of their vehicles by better forecasting maintenance needs and other life cycle costs.

**Fleet is not a core function of the business:** You have your business; you have your product or service. You also have your vehicles to help deliver that product or service. Now what? While the fleet is an important component of your business plan -- whether you are shuttling hotel guests or connecting college kids with housing campuses -- the fleet is not a core function of your operation. It is considered a means to an end: get the product, the service, the people, from Point A to Point B. As such, many details of your fleet operation that can make the management of it easier and more cost-efficient are never even identified or utilized to their maximum benefit. For example, you likely have immediate opportunities to recoup costs and get money back with outstanding warranty reclamation and the filing of subrogation claims -- but making a claim for loss of use and diminished value requires a specialized knowledge of the transportation insurance claims process, and a lot of persistence.

**Lack of buying power or economies of scale:** Another hurdle involved with in-house fleet management is the need for parts purchasing and replacement. The price of vehicle parts can represent up to 20% of maintenance costs, and organizational leaders are oftentimes at a loss as to how they can systemically reduce the total cost of their parts expenses. When transportation is not the core function of your business, you can lack the economies of scale afforded to fleet experts who purchase tires, parts, and wholesale vehicles at such a volume and frequency that it equates to bulk pricing. Business leaders who partner with a fleet management advisor can take advantage of the breadth of this buying power to reduce their cost of individual parts -- while getting the added benefit of simplifying the administration of their own parts ordering process.

**Fleet can take up a disproportionate amount of operations time:** Whether you are a charter or parochial school, an elder care facility, or another business with its own transportation component, the vehicle maintenance and management required to operate your business can consume a disproportionate amount of time relative to the actual delivery of your services. From monitoring vehicle life cycles and analyzing TCO data, to negotiating lowered fuel prices and staying ahead of preventive maintenance schedules, the day-to-day management of your fleet can significantly detract from the goal of providing a quality service to your customers.

### THE BENEFITS OF A FLEET MANAGEMENT PARTNERSHIP

Most business leaders do a good enough job of keeping their vehicles in running condition and passing general inspection minimums. But if “good enough” is not good enough for the rest of your business practices, why should it be the basis for your fleet management? Your vehicles are an extension of your brand and provide a first impression of your business to all who see them. If your fleet is comprised of old vehicles prone to breaking down (and thereby, not delivering your service), or robbing you of fuel efficiency, it's time to seek third-party expertise.

A trusted fleet management partner can guide you through the stages of your fleet's life cycle, helping you make the most informed and effective decisions for your operation. By focusing on the entire life cycle of the vehicle, not just acquisition and maintenance, an experienced fleet partner can help you find a number of opportunities to improve operations and efficiency, reduce risk management, and most of all – save on costs.

Some of the most critical business issues – such as an aging fleet, years of overdue replacement demand and budget constraints -- can be identified with a defined fleet replacement strategy and creative alternative financing solutions. This involves fleet expertise and time dedicated to sensibly and cost-effectively improving the transportation component of your business or operation.

**Ability to outsource a non-core business function:** By allowing an experienced fleet partner to oversee your fleet management, you immediately benefit from having more time to focus on the core deliverables of your business or operation.

**Maximizing efficiency through technology implementation:** Fleet management experts will have contacts and partnerships across the transportation industry that can help identify and implement the best cost-saving technologies for your fleet. From routing software and GPS systems that track mileage and fuel consumption, to deep dive analytics and fleet telematics reports that illustrate the full scope of your fleet's capabilities or inefficiencies, you will also gain access to fleet analysts who can help

you understand all of the collected data and work with you to design strategies for improvement.

**Stretching your dollars with the Total Cost of Ownership strategy:** As stated earlier, the fundamental goal of this strategy is to maximize your current assets while minimizing expenses. It takes a specialized understanding and expertise of cost-effective fleet management to make decisions based on fleet telematics and other KPI data, including the development of a smart replacement strategy and the implementation of creative financing options.

## WHAT'S NEXT

You're in the business of providing a service. Within that service is the need to get people, goods or your services from Point A to Point B. And while the fleet is an important component of your operations, it is not a core function but rather a means to an end. Because of this, many cost-saving details that can ease the management of your fleet are likely not being identified or utilized to their maximum benefit, and the "good enough" mentality is what holds many businesses back from realizing the full savings potential of their transportation.

If you are not the budgetary decision maker within the business or operation, you may face hesitation when seeking a partner to oversee your fleet management: the fear of cost, the fear of commitment to a new partnership, and even the inability to see any issues with current processes can all slow the progress towards a sensible and cost-effective transportation operation.

Fleet management can be a complex problem for businesses that lack functional, in-house expertise and nationally scaled resources of their own. A knowledgeable fleet management partner will be able to provide you with the tools and techniques needed to develop a sensible, cost-effective fleet management strategy, and understand the tradeoffs between capital and operating expenditures. Reduced parts pricing, creative acquisition funding options, technology implementation and professional fleet data analysis, and the ability to stretch your dollars with TCO analysis and other strategic projections are key elements that a transportation partner will help you explore to build a long lasting, sensible and cost-effective fleet management system.

### About TransPar Group of Companies

The TransPar Group of Companies is a partnership of three leading organizations from across the school transportation industry that offers a diverse portfolio of products and services which represent the most comprehensive and responsible offering in the industry. And this is done while keeping students safe and improving the cost and quality of school transportation operations. The three business units include TransPar, which provides Management and Staffing Services to develop solutions for difficult operational questions and problems; School Bus Consultants which offers Advisory Services to deliver resources and expertise that transportation contractors and organizations often cannot access on their own; and Transportation Services Co. providing Fleet Management Services and Training Products to help customers create the strong foundation necessary to support effective service delivery. So no matter the needs, the TransPar Group of Companies is the all-inclusive solution to creating a successful, reliable, and profitable student transportation program. For more information, please visit [www.TransParGroup.com](http://www.TransParGroup.com).

