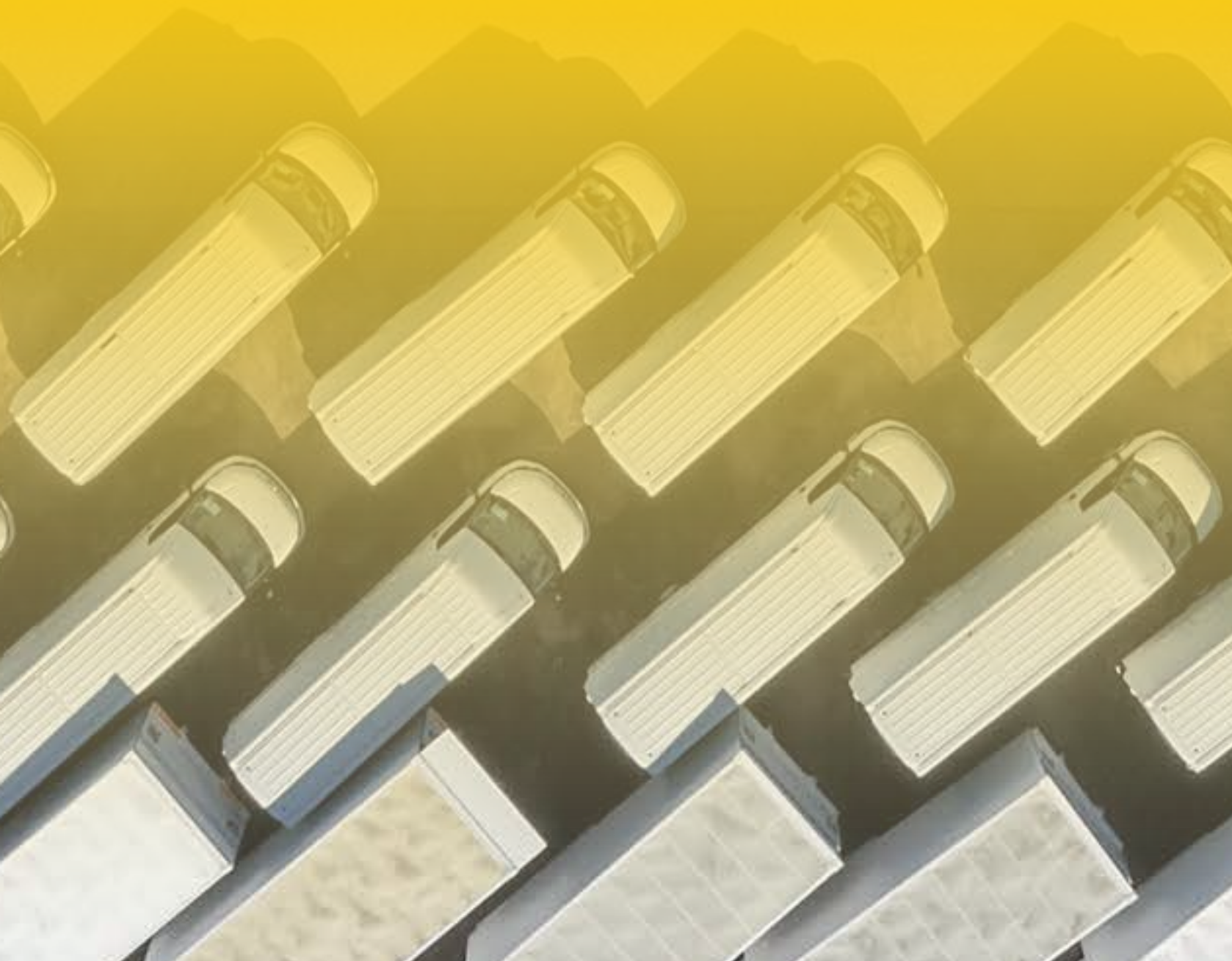




ServiceUp

Strategies for Controlling Fleet Maintenance Costs



Strategies for Controlling Fleet Maintenance Costs

Maintenance costs can bust any fleet budget if not managed effectively. Let's take a closer look at routine maintenance and vehicle repairs.

A vehicle fleet should be viewed as a cost center, rather than an investment. Success is achieved by those who can effectively apply cost-containment strategies, especially to maintenance.

The operating environment of the past few years has created rugged challenges that stem from broader economic forces. Vehicles are remaining in service longer, which results in higher maintenance and repair costs.

The most traditional metric used to evaluate and budget fleet vehicle management costs has been total cost of ownership, otherwise known as TCO. This metric ingests various operating costs such as depreciation, fuel, maintenance, and accident costs and expresses it as a cost-per-mile data point.

However, as more fleet drivers continue to work remotely, the TCO equation has been skewed. Vehicle acquisition costs have increased, which has boosted depreciation. The cost of acquiring a new fleet vehicle is about 19% higher than 2020.



The cost of acquiring a new fleet vehicle is about 19% higher than 2020. Maintenance and fuel costs have increased 25% to 40% during that time, according to Automotive Fleet.

Why is this happening? Vehicle acquisition hurdles – including tighter new vehicle supply, a chip shortage, and shipping bottlenecks – have caused OEMs to routinely cancel fleet vehicle orders. And dealer supply isn't robust.

Executives who oversee operations, especially for larger fleets with more than 3,000 units, need to work more proactively to tamp down rising costs.

Here are six key strategies for keeping operational costs from skyrocketing:

1. Enforce maintenance scheduling

2. Require pre- and post-trip inspections

3. Tame risky and distracted driving

4. Use a holistic repair service

5. Unlock vehicle warranty management savings

6. Tap into a managed shop network

7. Seek higher resale values

1 Routine Maintenance Keeps You on Track

Let's take a closer look at each one.

Fleet leaders typically manage two kinds of maintenance expenses – routine maintenance (known as preventive maintenance) and vehicle repairs. If managed incorrectly, either category can blow a hole in a fleet budget.

No reason to panic. With preventive maintenance, it's important to get this right. Each vehicle needs a schedule for an array of regularly scheduled maintenance, which can be found in the owner's manual.

With a PM schedule, vehicles remain on the road longer, avoid lengthy stays in a shop bay, and better retain their value when it's time to send it to auction.

Here's a good primer on which items should be on your PM checklist.

Short-term checkup:

- ✓ Oil and filter
- ✓ Coolant and other fluid levels
- ✓ Air filter
- ✓ Tire pressure and tread depth
- ✓ Tire rotation
- ✓ Headlights, turn signals, brake, & parking lights Wash & wax

Long-term checkup:

- ✓ Transmission fluid
- ✓ Transfer case fluid
- ✓ Shocks and struts
- ✓ Coolant system, including radiator
- ✓ Spark plugs
- ✓ Serpentine belt
- ✓ Front or rear differential

Seasonal checkup:

- ✓ Windshield wipers
- ✓ Battery health
- ✓ Correct tires for winter vs summer
- ✓ Coolant levels

A good first step? Set up your PM schedules. It's not the end of the process. Service intervals need to be completed and documented. Good fleet management software keeps track of the PM needs for each vehicle, and sends alerts when service is needed.

2 Require Regular Vehicle Inspections

Fleets operating in the highly regulated trucking industry must conduct pre-and post-trip vehicle inspections, document the work, and be able to produce a Driver Vehicle Inspection Report (DVIR) to a commercial enforcement officer that shows the vehicle is safe and roadworthy.

Mid-size and larger fleets in other industries also benefit from regular inspections. A driver or technician usually walks around a vehicle with a checklist to ensure the vehicle is free of defects.

Here's what should be on your checklist:

- ✓ Brakes and air system
- ✓ Steering mechanism
- ✓ Lights and reflectors
- ✓ Windshield wipers
- ✓ Rear view mirrors
- ✓ Coupling equipment and fifth wheels
- ✓ Safety and emergency equipment

Be sure your technicians document defects with photos and notes that can be sent to the shop.

A maintenance platform, such as ServiceUp, helps you manage the entire repair process from a single dashboard by tracking repair order history, integrating with fleet management companies, faster approval of payments and invoices, and a dedicated service advisor.



3 Reduce Risky and Distracted Driving

Fleet drivers are under tremendous pressure to be productive, as well as safe. And because driver screening isn't always robust, risky drivers get behind the wheel of company assets. About 10% of a fleet's drivers will cause 40% of the accidents, according to Automotive Fleet.

Distracted driving is an epidemic that continues to impact fleet vehicles, even though there may be signs of improvement. A recent report from a leading video telematics provider showed that collisions fell 23% from 2019 to 2022. Good progress.

However, three risky behaviors saw double-digit improvement, including "staring blankly" (down 16%); "driving too fast for conditions" (down 11%); and seat-belt compliance (down 10%). Drivers veering off an identifiable roadway fell 9%.

However, rear-end collisions, especially at lower speeds, remain a top accident among commercial drivers.

4 Use a Holistic Repair Service

Establishing an effective repair management process in place will reduce vehicle downtime – as the vehicle sits in the shop, it's not earning revenue – and keep costs in check. A repair service, such as the one offered by ServiceUp, helps you manage every step of the process following an accident. Choosing a credible vendor to manage your repair process will reduce the uncertainty, and frustration, in the process.

6 Benefits of a Collision Repair Service

- | | |
|--|--|
| 1 Free pickup and delivery of vehicles | 4 Coordination with insurance carriers |
| 2 End-to-end process management | 5 Reduced overhead expenses |
| 3 Faster repair cycle times | 6 Delivery of high-quality repairs |

5 **Uncover Savings with Your Vehicle Warranties**

Effectively managing your vehicle warranties can be an important, and often overlooked, cost-control strategy. You'll need to maintain comprehensive records of the warranties for each fleet vehicle, so you can submit claims when you see a red flag. It's also a good idea to purchase extended warranties on high-utilization vehicles that will need more repairs. You'll also need to stay on top of warranty recovery. Keep track of claims so you can recover the costs associated with covered repairs.



6 **Tap into a Managed Shop Network**

Vehicle repair costs have always been variable – labor rates and parts costs can be higher or lower depending on the state and locality. For example, in 2022, states with the most expensive repair costs included California, Connecticut, Colorado, Utah, and Georgia, according to an Aftermarket Matters report. States with the least expensive repair costs included Ohio, Maine, Wisconsin, Michigan, and Indiana.

In California, the average total cost for a repair was \$410.73 – \$145.16 for labor and \$265.57 for parts. At the other end of the spectrum, Ohio's total repair cost was \$341.83 – \$136 for labor and \$205.83 for parts. These numbers represent the public rates consumers can expect when they walk in a shop.

However, repair specialists that offer a managed shop network, such as ServiceUp, negotiate set rates with shops in return for providing a volume of work. These rates are often lower than public repair costs. Managed shop networks also provide a higher-quality experience to fleets because the shops are vetted ahead of time. Low-end repair businesses have been excluded, which protects the fleet business from unscrupulous or lazy technicians.

7 Investing in Reconditioning for Remarketing

When a fleet vehicle is pulled from service, it must be prepared for sale. It goes through the reconditioning process, which allows you to decide how much to invest in cosmetic upgrades that will help the vehicle sell for a higher amount.

Reconditioning always includes detailing and can include an array of low hanging-fruit repairs such as headlight restoration, paint chip repair, plastic trim restoration, repairing holes and tears in cloth, fixing dents and dings, vinyl and leather repair, carpet dying and rejuvenation, and foul odor-removal. Higher ticket items include mechanical repairs, including transmission work, and engine upgrades.

Less savvy fleet executives lean toward reducing this spend by focusing on lower cost repairs. This approach can be short-sighted because it doesn't maximize return. As a rule of thumb, every \$1 spent on repairs can return \$2 to \$3 at auction. Re-marketers can boost vehicles up to a new rating tier by completing premium repairs. Many vehicle auctions assign vehicles a grade on a scale of zero to five points with decimal increments (e.g., 2.7 or 4.2).

Final Thoughts

As we have seen, taking a hands-on approach to fleet vehicle maintenance will go a long way toward reducing your operating costs. There are also hidden costs associated with repairs. As the vehicle remains in the shop racking up downtime, it can't earn for the business. This opportunity cost can be reduced by speeding up the amount of uptime. A managed repair process will make the highest impact on this equation. Ensure your fleet operation has processes in place in these six key steps – enforced PM scheduling; routine inspections; reduced distracted driving; use of a holistic repair service; warranty management; use of a managed shop network, and investment in reconditioning.



Sources



<https://www.automotive-fleet.com/10204514/ongoing-vehicle-sourcing-constraintsaggravated-by-higher-fleet-costs>

<https://www.automotive-fleet.com/10202198/thefleet-imperative-to-identify-high-risk-drivers>

<https://www.lytx.com/ebook/2023-state-ofthe-data-report>

<https://www.automotive-fleet.com/10122186/accident-management-survey-crashes-inparking-situations-remain-a-fleet-safety-p>

<https://www.aftermarketmatters.com/national-news/states-with-scheapest-andmost-expensive-car-repair-and-maintenancecosts#:~:text=Consistently%20ranking%20as%20one%20of,%24410.73%20for%20labor%20and%20parts.>

<https://www.bridgestonetire.com/learn/maintenance/ultimate-car-maintenancechecklist/#>

<https://www.automotive-fleet.com/10195357/extended-service-lives-demand-preservationstrategies>

<https://www.goautocity.com/used-carreconditioning/>

[https://www.verizonconnect.com/glossary/what-is-dvir/#:~:text=A%20DVIR%20is%20a%20Driver,Carrier%20Safety%20Administration%20\(FMCSA\)](https://www.verizonconnect.com/glossary/what-is-dvir/#:~:text=A%20DVIR%20is%20a%20Driver,Carrier%20Safety%20Administration%20(FMCSA))

[Request a Demo](#)

