

Managing an Effective Van Fleet

Giles Margerison, Director UK & Ireland, TomTom Business Solutions

A whole host of factors have conspired to make 2013 a tough year for van fleet operators. Although the fuel duty freeze offered welcome respite, prices at the pump remain sky-high and a sluggish economy has ensured cost are yet to significantly ease. The overarching challenge is the same for any business operating a fleet of vans - to optimise operational efficiency, keeping a lid on costs while making sure productivity doesn't take a hit. Clearly, this is no mean feat but an increasing number of fleet managers are turning to telematics to help provide the answers to a string of difficult questions, using best practice like that promoted by the FTA's Van Excellence programme. Technology services specialist Telent, for example, expects to realise savings of £450,000 by 2014 through a wide-ranging scheme designed to improve driver behaviour and slash fuel bills, simultaneously reducing risk and insurance premiums.



Exceed customer expectations

The prevailing difficulties faced by van fleet operators are perhaps most acute in the service sector, where fragile consumer confidence and increasing service-level demands are added to the mix.

Research conducted by TomTom revealed 50 per cent of UK consumers believe late arrival or unspecified ETAs are the biggest failings of service companies making home visits. Furthermore, 60 per cent of consumers believe two-hour timeslots are the maximum acceptable standard for home deliveries or visits, yet claimed only 25 per cent of firms met these expectations.

Possibly most worrying was the fact 92 per cent of consumers had experienced companies arriving late for appointments - a statistic which will do little to strengthen trust in the service sector or enhance profitability.

Good service delivery relies upon effective planning. To calculate how many jobs mobile workers are able to attend in a day, managers need to know how long jobs are likely to take and how much time they are likely to spend on the road, journeying between customer sites.

Instead of making an educated guess, businesses can use the tools provided by modern telematics systems to remove error from the process. The routing capabilities available in advanced fleet management technology will draw on historic road use data and live traffic data to generate accurate timings for every journey, taking into account the best available route, time of day and congestion levels.

As a result, work schedules can be developed to minimise time spent on the road or sat in traffic, maximising productivity as a result. Rather than being given vague appointment times, customers can also be provided with accurate, up-to-the-minute ETAs and informed immediately if there are any delays, ensuring expectations are properly managed.

In the immediate wake of introducing fleet management technology, printing equipment supplier Danwood saw better route planning increase the average number of customer visits per day by seven per cent from 4.5 to 4.8.

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Proper use of telematics technology can also ensure the most appropriate employee is selected for each job, based on who will arrive first rather than simply who is closest to the customer – with jobs or orders dispatched directly to the drivers' navigation units.

Talent has successfully utilised this functionality to bring an 80 per cent improvement in response times, on top of the previously mentioned cost savings, cutting the time taken to allocate jobs from 75 minutes to 15 minutes.

An easier life for drivers

Drivers too can benefit, utilising live traffic information through their in-cab satellite navigation devices to select the quickest, most fuel-efficient route for every journey and avoid potential hold-ups caused by traffic in real time.

This ensures staff make the best use of their time and reduce the stress caused by sitting in traffic jams. Research has shown 51 per cent of UK business van drivers cite congestion as a major cause of stress, as well as a barrier to efficient completion of their duties.

On top of this, up to 10 per cent can be slashed from fuel bills simply by empowering drivers to choose better routes and cut idling time, one of the biggest factors affecting mpg.

Drivers can also benefit from reduced paperwork through automated reports for working time, job completion and vehicle usage, including claims forms detailing business and private mileage.

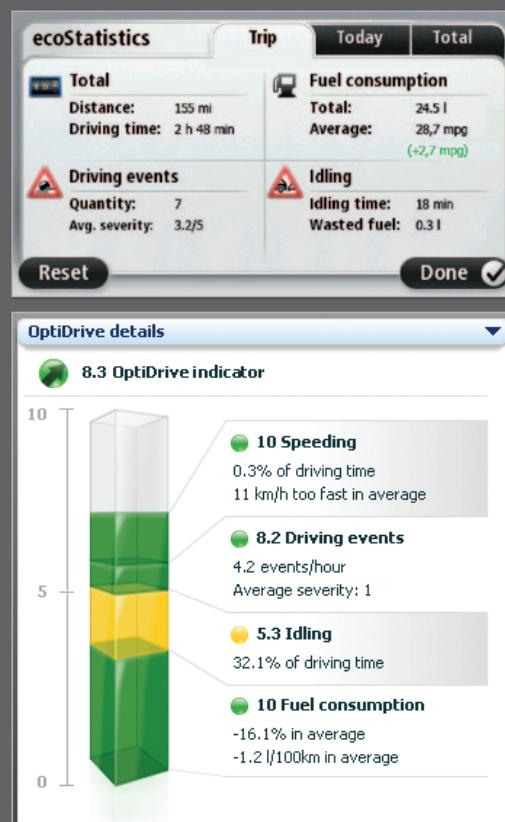
It is crucial to clearly communicate such benefits in order to allay any misgivings staff may have about the introduction of telematics. Initial scepticism is not unusual but staff can soften when it is explained the technology includes driving aids, lower tax liabilities, reduced admin, safer working conditions and a more equitable distribution of work.

The best approach is to communicate face-to-face using a 'top down approach' from management. Housing and care provider Sanctuary Group successfully adopted this strategy for the drivers of its 500-strong fleet by setting up a UK-wide road show to explain the rationale behind the introduction of TomTom fleet management technology.

It is then recommended to formalise the process by putting any proposals to staff in writing so there is no misunderstanding or ambiguity. This clarifies the impact it will have on their job day-to-day and allows them to ask questions or make suggestions about how best to ensure a smooth implementation process. If all these steps are taken, there should be little reason for drivers to harbour serious objections.

Be transparent and make drivers aware of the reasons for introducing telematics from the outset, not after it's been installed. Drivers must be given a clear understanding of the potential impact telematics can have on a company's bottom line. They will be more inclined to acknowledge the need for telematics if the savings achieved help to safeguard their job or salary prospects.

From a tracking perspective, explain to your employees that the technology is tracking the vehicle – the company asset – and not the individual. The move should not be seen as a lack of trust in the workforce, a point which can be reinforced by appropriate privacy settings built into the telematics system.



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Ensure benefit-in-kind isn't taxing

Fleet management systems often provide the functionality for drivers to indicate whether a journey is for private or business purposes via their in-car navigation unit, or other device. As a result, employees can ensure their privacy is respected outside of working hours by making the trip invisible to their employers, while mileage is still logged for administrative purposes and tax compliance.

The issue of mileage remains a particularly sensitive one, especially in light of HMRC's recent crackdown on the records of 60,000 SMEs. Both companies and their employees face severe penalties for keeping inaccurate mileage records or failing to submit accurate returns for benefit-in-kind tax purposes.

TomTom research has found 31 per cent of LCV drivers in the UK admit to submitting inaccurate mileage claims, with 32 per cent of those doing it on a regular basis.

Without proper regulation, businesses could be left exposed to significant risk.

For businesses who want to mitigate their risk, telematics can provide foolproof evidence of exactly how many miles were travelled, by whom and when to validate mileage claims. Drivers can be given access to their individual journey logs in order to add any further relevant details, either using a computer or mobile device, ensuring records are fully comprehensive.

It is then possible to generate detailed mileage expense reports at the touch of a button and export them directly into company accounts, minimising time-consuming admin.

Don't pay penalties at the pump

Arguably, the single largest cost for any fleet operator is fuel. However, as it is not a fixed business overhead, fluctuating depending upon vehicle type, mileage and driving style behind the wheel, companies can take a number of steps to reduce fuel consumption.

Ensuring vehicles are properly and regularly maintained can be crucial, while fitting the right tyres, inflated to the correct pressure, can cut mpg by up to 15 per cent. Possibly the largest contributing factor is driving style - a variable which, traditionally, has been difficult to control.

But modern fleet management technology now offers a previously unimaginable level of insight into habits and behaviour behind the wheel, empowering management to take the necessary steps to boost performance and efficiency in order to slash fuel costs.

Zenith Hygiene Group reduced its fuel bills by £222,660 through an incentivised driver improvement scheme, which uses telematics in order to measure key factors affecting fuel consumption.

Fleet technology can be used to tap into a vehicle's diagnostics and provide in-depth analysis into each employee's driving style based on key elements of safe and efficient driving, such as speeding, idling, fuel consumption and even harsh steering or braking. Management reporting functions enable this data to be measured against pre-defined business targets. Not only does this directly impact the bottom line, it can help managers establish safer, greener driving policies.

Over time, profiles are generated for each individual driver across a fleet, allowing the identification of trends or problem areas which may need particular attention. As such, efficient driving can be rewarded by giving drivers awards or bonuses or simply compiling a league table which shows performance against targets, while training time and budget can be allocated more precisely.

Drivers can even learn on the move with real-time feedback via their in-car navigation devices, receiving audible alerts whenever they perform a driving event such as harsh braking and steering, idling or speeding, enabling behaviour to be corrected at source. The implications for efficiency, cost reduction and safety - particularly fulfilment of Duty of Care obligations - are clear.



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Take control of risk factors

Any cost-saving related to fuel represents pure bottom-line profit but companies which successfully improve driving style will inevitably enjoy knock-on effects elsewhere in the business.

Insurance is one such area. While rising crash repair costs have contributed to soaring fleet insurance prices in recent years, motor insurance companies are increasingly recognising the impact of telematics on road risk management, both for fleet businesses and consumers.

Consequently, forward-thinking companies are applying fleet management technology in order to fulfil Duty of Care (DoC) obligations and reduce risk by encouraging a safer driving style among employees. Zenith Hygiene, for example, reduced insurance premiums by £78,000 over two years through its pioneering driver performance scheme.

Simply by knowing which driver is driving which vehicle at which times - utilising the traditional tracking functionality of telematics - companies are able to demonstrate a commitment to

DoC, particularly by keeping tight control on working hours and ensuring employees don't work too long without a break.

But advanced applications of the technology allow managers to profile drivers and easily identify those who might pose a higher risk. As a result, higher risk driving styles can be addressed before they become a liability, using driver style monitoring to set performance benchmarks and monitor adherence to them.

These operations have a clearer risk profile with potential for reduced claims costs, enabling more exact rating and underwriting by insurers, and hence more competitive premiums.

Such a proactive approach also demonstrates a clear commitment to the reduction of road risk, meaning businesses will not fall foul of legislation such as the Corporate Manslaughter and Corporate Homicide Act. The penalties for failure to implement a DoC policy can be severe, with courts given the power to impose unlimited fines for Corporate Manslaughter convictions.

Future proof your fleet

Ultimately, telematics is most powerful when used to affect a greater cultural change within an organisation. The available technology provides an unprecedented level of insight into every aspect of mobile operations but its potential becomes even more impressive when it is accompanied by a shift in company policy.

Rather than focusing on isolated aspects of performance, the emphasis should be on bringing about a shift in behaviour from the ground up, helping the entire organisation to work towards a greater degree of efficiency, safety and legislative compliance.

Driver incentive schemes, risk reduction programmes and service targets are examples of such schemes, easily enforced by telematics and designed to alter the approach of employees and management alike.

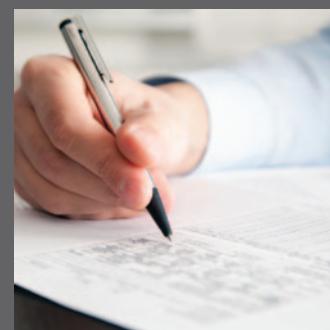
Bearing this in mind, it is essential fleet management technology integrates neatly with other business systems, such as back-office software for scheduling or payroll and mobile hardware devices, providing a tight end-to-end solution.

Integration with back office systems means the valuable data generated from telematics can be used for the automatic generation of accurate payslips or to ensure work schedules are optimised, taking into account traffic and expected journey times.

The increasing connectivity of technology in and around the vehicle means data from telematics can be enriched by information from signature-capture and barcode-scanning devices, mobile printers or tyre-pressure monitors. This data can then be accessed in one, unified system, helping to improve efficiency in the office as well as out on the road.

Already, companies are typically able to realise ROI on fleet management technology within eight to 12 months but greater harmony between disparate business systems could ensure this comes even sooner - and that the benefits are longer lasting.

Telematics is now being seen less as a 'nice to have' and more as an essential business tool in the drive for ever more efficient operational standards.



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