

How fleet managers can best keep rising costs down amid new challenges

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16 Jul 2020

The Covid-19 pandemic continues to have a significant impact on fleet businesses. With restrictions on trade due to extended periods of lockdown, companies are initiating cost-savings actions by reducing fleet and staff counts amid a cash crisis.



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Previously, a strong focus on cost savings was a necessity but may not have been top of mind, but it is now part of the new set of realities that companies face. This and other nuances and changes brought on by the pandemic have highlighted the need for businesses to manage their fleets more efficiently to ensure that they are not incurring wasteful or unnecessary expenditure

While the disciplines and principles of fleet management still hold true under the new normal, it is expected that the increased emphasis on cost reductions will have a big impact on how fleets are operated going forward.

Fleets must be managed in a way that allows for businesses to achieve efficiencies and cost savings while protecting their two most important assets – their people and their fleet.

This is possible but requires the exploration of all opportunities available, to reduce operational costs elsewhere within the business, especially in the case of owning large fleets.

The use of certain tools and techniques can help businesses to stay in control of their fleets, manage them more efficiently and ultimately achieve savings on their total cost of ownership.

Fuel management planning

Although the Covid-19 health pandemic initially resulted in cheaper diesel prices, the cost of fuel will continue to rise as the fuel price gains due to increased demand based on the return of consumption globally.

Our weakened local exchange rate will also impact cost of parts and by virtue of inflation, overall transport costs will increase. One way for businesses to control some of these costs, however, is through the services of a fleet management service provider can

The pandemic has forced every one of us to adopt digital technology in the way we communicate, consume and conduct business. For businesses with Fleet its to think differently and consider how they can better leverage technology like data and analytics to efficiently control their vehicles expenses.

Access to rich, real-time data can help businesses to become more responsive and adapt faster. The insights derived from the analysis of this data empowers business owners to make informed decisions that ultimately work to boost efficiency and reduce costs.

A fuel card or a cloud-based RFID fleet payment capability offers a secure way to view and approve fuel transactions online in real time. This ensures that only authorised vehicles are able to fill up and authorise transactions and helps to prevent any unnecessary fraud from taking place.

Standard Bank, for example, became one of the first companies to develop an RFID Fleet payments capability, which offers enhanced security features and seamless forecourt payment to ensure reduced risk.

This enhanced payment mechanism is contactless and allows drivers to pay for fuel using a RFID tag that looks like a license disk which is then attached to the vehicles windscreen. This windscreen tag is tamper proof and ensures that only the permitted vehicle is allowed to refuel. It is also the first Fleet payment method to introduce a tap and pay contactless capability. The ability for fleets to tap-and-pay is an important consideration in a time of social distancing.

The other aspect of the fuel management component, aside from the tangible savings derived from managing your fuel and fleet, is able to access diesel rebates.

Typically, a diesel programme would require pumping a determined threshold to receive a diesel rebate from an oil company. Through our relationship with leading fuel companies, and the extension of our diesel rebate programme, we have managed to reduce the entry point for diesel rebates, via fuel card or RFID payment mechanisms, so that small to medium fleets are able to access tangible savings on their diesel metres. Every cent counts!

Buying vs leasing

As consumers become increasingly reliant on home delivery services as a result of social distancing efforts, businesses will have to gear up to provide home delivery, or beef up existing fleets, as it is expected to play a crucial role in the coming months.

However, a fleet of trucks or delivery vehicles will likely be out of reach for a start-up seeking a delivery business or for those who want to scale existing ones, as a result of not being able to trade for three months.

For Maintenance Rental (FMR) provides a way for companies to pay only for use of the vehicle, which is maintained by their bank, throughout the asset's lifecycle – including or excluding tyres – and dispose of it at the end of the contract term.

The "renter", or business, is able to add those asset/s to, and strengthen, its balance sheet, while protecting themselves against the risk of potential drops in retail vehicle pricing and consequent shortfalls that could build up over time.

Essentially, the discipline of fleet management is taking an asset and using it in the most efficient and cost effective manner possible during its life, in order to do this requires the correct products and services to help you manage this as well as the discipline to ensure that this part of your business is operating correctly and spikes in expenses are immediately addresses and corrective action taken.

If you fail to understand your total cost of ownership, and do not manage assets correctly, you are likely incurring an unnecessary and additional cost that puts you at a disadvantage in the market.

Telematics and fines management

By collecting data about the location, performance, usage and status of vehicles and drivers, fleet operators obtain meaningful, real-world information about the inner workings of their organisation.

Often a fleet can, without noticing, grow past the point where it is more efficient to outsource the administration of fines and licenses. These specialist services exist, and are used by most corporates, as they do not have control over that expense due to a lack of visibility as to how many fines are outstanding. In some instances, the cumulative amount could almost stop their business from continuing. You cannot be sure about how much you owe until running the exercise.

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